

Estate Planning

Our mission is to provide the highest quality of service while developing and maintaining close relationships with our clients. Our approach to estate planning is to evaluate the needs, personal goals and financial situations of our clients and to provide a custom-tailored plan for each client. We are proud of our ability to do this by creating an environment which fosters communication on sensitive personal matters, such as meeting clients in their homes.

We have considerable experience providing complex estate planning advice designed to preserve a client's assets and attain their personal family goals while minimizing the income, gift, estate and generation-skipping taxes associated with the lifetime and/or testamentary transfer of wealth. We utilize traditional as well as innovative techniques to meet a client's goals.

For more information, please contact:



Barbara Bellin Janovitz, Esq.
Estate Planning Practice Group Chair
bjanovitz@reminger.com
Direct Line: 216.430.2178
Fax: 216.430.2284

Leon A. Weiss
Russell J. Meraglio, Jr.
John Patrick
Adam M. Fried
Franklin C. Malemud
Adriann McGee
Paul J. Shugar

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Reviewing and Updating Estate Planning Documents

The Federal and Ohio estate tax laws were changed dramatically last January. **Ohio eliminated its estate tax**, and the Federal estate tax exemption amount was \$5.25 million per person. As a result of an inflation adjustment, the **Federal exemption amount is \$5.34 million this year**. In addition, the Federal exemption is portable (for purposes other than the generation-skipping transfer tax), which means that if the first spouse to die does not use his or her exemption amount, the surviving spouse may be able to use the first spouse's unused amount in addition to his or her own exemption. This means that a married couple may be able to leave more than \$10 million free of any death tax to their beneficiaries.

What Does This Mean To You?

For most Ohio residents, your estate plan does not need to focus on reducing or eliminating the estate tax. Rather, it can focus on avoiding probate, creditor protection issues and ensuring that your assets pass to your beneficiaries expeditiously and with appropriate controls. If you have been gifting assets or employing other estate planning techniques in an effort to reduce the size of your taxable estate, there may be some **disadvantages** to continuing such plans.

If you are married, you may have created a Family Trust in order to eliminate Federal estate taxes and to defer Ohio estate taxes. Your assets may have been divided, with some assets titled in each spouse's name, in order to utilize the exemption of the first spouse to die so that it would not be wasted.

Under the new law, if you are married and expect your combined estates to be less than \$5.34 million, it may be more important to reduce capital gains income taxes than to reduce estate taxes, and the use of a Family Trust and the division of assets **will not only be unnecessary but can be disadvantageous**. (There may, of course, be non-tax reasons to use a Family Trust at the first spouse's death, such as for creditor protection purposes, or in a blended family situation). Similarly, making gifts or employing other techniques for reducing the size of your estates may have some negative consequences.

What Should I Do Now?

If you expect your combined estates to exceed \$5.34 million and have generation-skipping plans, **your documents may only need simple revisions**. If you expect your combined estates to be less than \$5.34 million, **your revisions may be more substantial**.

If you made gifts of \$5 million in 2010 or \$5.25 million in 2013, you should consider making **an additional \$90,000** of tax-free gifts in 2014.

If your spouse predeceased you, and you are the beneficiary of The Family Trust, you may want to **consider making principal distributions from The Family Trust**.

As a result of the changes in the law, we recommend that you call us to have your estate plan reviewed. There are both tax and non-tax reasons for having a Family Trust and such reasons should be considered in light of the new estate tax laws.



Other Reasons to Update Documents

Even if there had not been such significant changes in the estate tax laws, we recommend that you have your estate plan reviewed periodically, especially if you have experienced a change in your personal or financial situation, such as:

- the birth, death, marriage or divorce of a child or other beneficiary;
- a change in your marital status;
- a change of jobs or a retirement or pending retirement of you or your spouse;
- if you or a beneficiary moves to another state or to Ohio;
- a large increase or decrease in the value of your assets;
- changes in the personal circumstances of your children/grandchildren or other beneficiaries which could impact on your plan, such as an awareness of drug, alcohol or creditor problems of such beneficiaries.

Please call any of us if you would like to discuss the impact of the new laws on your estate plan or if you have any other questions.