Estate Planning Chair Barbara Bellin Janovitz Featured in Two Cleveland Jewish News Articles

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PRACTICE AREAS

Estate Planning

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Crain's Cleveland Business
Oct 21, 2011

Reminger Estate Planning Practice Group Chair Barbara Bellin Janovitz was interviewed in two Cleveland Jewish News Articles in the October 18th Issue.

The first article, entitled "Recession rebound: Estate planning, planned giving activity starting to pickup," can be read by **clicking here.**

The second article, entitled "Take care in planning estate, giving schedule," can by read by **clicking here.**

Recession rebound: Estate planning, planned giving activity starting to pickup

The recent recession and lukewarm recovery have affected life in obvious ways, but they've also affected some less-thought-of decisions, such as estate planning and planned giving.

Jim Komos, a certified public accountant and tax partner with Ciuni& Panichi, said the financial uncertainty has resulted in positive and negative effects.

"The negative effects are many people don't feel as wealthy and they feel more insecure, so they're putting things off," he said. "They're also a little more tied up in their businesses and other issues."

But the good news is that has been changing during the past six to nine months, Komos said.

"Now that we've at least leveled off, people are seeing that now is a good time to do a lot more estate planning and transfers because the values are lower and interest rates are lower."

Grant Dinner, vice president and chief operating officer of Weinberg Wealth Management, said the recession motivated clients to pay more attention to their assets and plan around them accordingly, but planned giving and charitable contributions were negatively impacted by the uncertainty.

"Donor gifts definitely decreased as far as the aggregate amount given by our clients as well as the amount of different charities that received gifts," he said. "It seemed as though our clients were making the choice to streamline the charitable efforts, and those causes that were not so close to them were eliminated."

Dinner said that more recently, clients are making decent-sized annual gifts but are holding off on making multiyear gifts because of the market volatility.

According to Nina Cohen, director of philanthropic advisory services for Glenmede Investment and Wealth Management, the frequency and tone of conversations about planned giving tend to mirror the markets and the overall economy.

"While we saw a rise in these types of conversations beginning in 2009 and carrying forward through 2011, we've recently seen a pullback in planned gifts as the markets have experienced a volatile summer and fall," she said. "Ultimately, the recent volatility has caused donors to become very cautious about irrevocable gifts."

What's new

There are some tax changes that affect estate planning and planned giving that need to be taken into account.

On the federal level, the estate tax exemption currently is $5 million, which is the dollar amount each individual is allowed to leave someone without paying any federal estate tax, said Barbara Bellin Janovitz, estate planning practice chair for Reminger Attorneys at Law. The tax rate on every dollar over that $5 million is 35%. But on Jan. 1, 2013, the current law is set to expire; the exemption amount will drop to $1 million per person, and the tax rate will increase to 55% of every dollar over $1 million.

Komos said that along with the increased exemption, the concept of portability was introduced, meaning that if an individual doesn't use all of the $5 million exemption, it can be transferred to his or her spouse. In essence, a couple has a $10 million exemption, he said.

The other major change is that the Ohio estate tax will be eliminated on Jan. 1, 2013. Right now, the first $338,333 is exempt from the Ohio state tax, Janovitz said. Between that amount and $500,000, the tax rate is 6% and over $500,000 the rate is 7%.

"This will have a much bigger impact," Komos said. "It's an additional 7% of so-called found money."

On the planned giving side, the biggest change is a provision of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, which extends the provision relating to qualified charitable distributions for tax years 2010 and 2011, said Michael Frayman, senior vice president, investments for Raymond James & Associates.

The provision allows individuals age 70-1/2 or over to exclude from gross income up to $100,000 that is paid directly from their individual retirement accounts (excluding Simplified Employee Pension or SIMPLE individual retirement account) to a qualified charity.

But even with the uncertainty about upcoming law changes, it's important to make plans, Janovitz said.

"We always draft the documents to take into account the changes in the law," she said. "There is no reason to hold off. Estate planning needs to be taken care of all the time, including the next year and a half."

What's next

Estate planning and planned giving should be and will be a high priority for clients, Dinner said.

"Most of them feel as though they have more than fully recovered from the late 2007 and 2008 stock market crumbling but are hesitant and cautious to extend themselves further than a year out," he said.

The probable change in the federal estate tax situation and planned giving caps have people off-balance.

"People are really watching, trying to get a feel for which way they're going to go with this," Komos said. "You might see a flurry of activity next year as that heats up. On the planned giving side, there's been a lot of talk about capping the tax benefits from charitable donations. If that heats up, you might see a lot of people speed up some of their planned giving to get the higher tax deductions."

Gregory Klucher, vice president and director of fiduciary services for Huntington National Bank, and Betsy Lambert, senior trust officer for Huntington, predict slow growth because people feel nervous and unsettled about the volatile stock market and economic issues in Europe. Because of the state of flux, Klucher and Lambert recommend individuals inclined toward charitable giving meet with their financial planners to establish short-, mid- and long-term strategies.

Take care in planning estate, giving schedule

Oct. 17-23 is National Estate Planning Awareness Week, so this is a perfect time to start thinking about planning your estate and charitable giving or reviewing what you previously planned. According to those who deal with these issues for a living, there is a right way and a wrong way to go about it.

Jim Komos, a certified public accountant and tax partner with Ciuni& Panichi, said the most important thing to do is set a deadline.

"Give yourself a deadline and work to meet that deadline," he said. "People who don't have a deadline, it just drags on and on and never gets done."

Gregory Klucher, vice president and director of fiduciary services for Huntington National Bank, and Betsy Lambert, senior trust officer for Huntington, said that those under age 60 need to save, save, save. There is a legitimate question as to whether Social Security will be around when those under age 40 are ready to retire, so the only thing a young person can depend on is him or herself, they said.

Barbara Bellin Janovitz, estate planning practice chair for Reminger Attorneys at Law, said it's important to make sure the beneficiaries on retirement documents match the names of the estate beneficiaries, make sure that people originally designated for trustees and guardians are still appropriate, and take into account how inheritances or gifts from parents affect your estate.

Continue the dialogue with trusted advisors regarding estate planning and planned giving, said Michael Frayman, senior vice president, investments for Raymond James & Associates, and Dennis Schwartz, a financial advisor with Raymond James, because the markets are constantly changing, and estate laws and tax codes change frequently.

The "don'ts" are just as important.

Nina Cohen, director of philanthropic advisory services for Glenmede Investment and Wealth Management, said that when it comes to estate planning and planned giving, one size doesn't fit all and putting off until tomorrow what can be done today isn't a plan.

"Each person's situation is unique and should be discussed with an experienced planner," she said. "And while saving for a rainy day is a good idea, waiting for that day to start developing a plan isn't a good strategy. Doing nothing can almost mean missing the opportunities that do exist in today's environment."

According to Klucher and Lambert, when considering planned giving, don't give it or pledge it if you think you might need it. Be sure you're well-positioned before giving, they said.

The biggest don't regarding investment advice is to make emotional investment decisions, said Grant Dinner, vice president and chief operating officer of Weinberg Wealth Management.

"With a competent asset management team, set an asset allocation strategy and be patient with your managers, " Dinner said. "Let them do what they do best: manage money. It's too easy to allow emotions to interrupt an effective strategy."

Janovitz said it's not only the very wealthy who need estate planning.

"There are many non-tax reasons to do estate planning, such as creditor protection, probate avoidance, and protecting children in case of divorce or remarriage. If you have two cents to your name, you still need estate planning."

Komos said it's important to revisit your plans periodically.

"Don't rely on that old will and think it's going to meet your current needs," he said. "You really do need to look at these documents as your situation changes and as time goes on."