

# 10th Annual Long Island Trusts & Estates Conference

Tuesday, May 9, 2023 | Nassau County Bar Association





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James Meyer
Planned Giving Solutions









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# Karen Acompora President and Co-Founder

#### Louis J. Acompora Memorial Foundation









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# 5 Smart Estate Planning Strategies for 2023



#### Presented By:

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### Non-Tax Estate Planning Issues

- Revocable Living Trusts
  - -Will Substitute
  - -Avoidance of Probate
  - -Asset Management Assistance
- Blended Family Issues
  - -Planning for spousal transfers
  - -Can I use your exemption?
  - -Naming Executors and Trustees –
    "No good deed goes unpunished!!!"



#### Exemptions/Exclusions

#### Federal Rules

\$12,920,000 – 2023 Exemption

40% Tax Rate

\$17,000 Annual Exclusion

#### NYS Rules

\$6,580,000 - 2023 Exemption

105% Estate Tax Cliff (\$6,909,000)

Tax Rate - 5% - 16%

No Gift Tax – 3 year add-back – Impact on Federal Estate Tax



#### Estate Planning Strategies – Planning at Death

- Credit Shelter Trusts
  - -Impact of Portability
  - -Still used for NYS residents
  - -Disclaimer trusts
- Marital Trusts
  - -Marital Deduction in general
  - -QTIP Trusts
  - -Planning for non-citizen spouses



### Estate Planning Strategies – Lifetime Options

- Insurance Trusts
  - -Existing insurance v. new policies
  - -Joint trust/survivorship insurance
  - -Crummey powers
- Grantor Trusts (and Non-Grantor Trusts)
  - -Creating Grantor Trusts & Proper Powers
  - -Increased use of SLATs Avoid Reciprocal Trusts
  - Potential State Income Tax Savings with Non-Grantor Trusts



### Estate Planning Strategies – Lifetime Options

- GRATs
  - -Calculation
  - -Survival
  - -Zeroed-out GRATs
  - -Planning in a low interest rate environment
  - -Going away soon?
- QPRTs
  - -Calculation Better now that interest rates are up
  - -Sale of House during term
  - -End of term



### Income Tax Issues in Estate Planning

- Basis planning may impact more people
- Portability provides 2<sup>nd</sup> step up
- New ruling ends debate about step up in basis for assets in a grantor trust



### Retirement Planning - Lifetime RMDs

- Required Beginning Date
  - -Born before December 31, 1950 Already taking RMD under old rules
  - -Born on 1/1/51 through 12/31/59 73
  - -Born on 1/1/60 or later 75
  - \*\*\*No one will be taking their 1st RMD in 2023
- Annual RMD based on prior year December 31 balance
- Uniform Life Table or Joint and Last Survivor Table depending on who beneficiary is.
- Must be withdrawn by December 31 of current year. Penalty changes thanks to Secure 2.0



### Retirement Planning – Post-Death RMD

#### Beneficiary Classification

- No Designated Beneficiary 5 years or Life expectancy of decedent
- Spouse Rollover or Life Expectancy payout SECURE changed what happens after spouse dies
- Designated Beneficiary Pre-SECURE could create stretch payouts. Death after 2020 – 10-year rule!!



### Retirement Planning – Post-Death RMD

#### Eligible Designated Beneficiary

- Allowed to create Stretch IRA (modified in certain situations)
  - -Spouse
  - Minor Child of the participant Only the child of the participant
     Until age 21
  - Disabled or Chronically Ill individual
  - Anyone that is no more than 10 years younger than the participant



### Retirement Planning – Trusts as Beneficiary

- Reasons to use Trusts Advantages and Disadvantages
- SECURE eliminated many of the benefits of IRA Trust planning
  - -Post-SECURE there is a need to balance the benefits of using the trust with the potential of higher income tax rates if every dollar paid out of the plan is not distributed to the beneficiary



### Charitable Planning

- Income Tax Limitations 60% of AGI for cash/30% for non-cash
- Estate Tax Deduction 100% of value of property left to charity
- Split Interest Charitable Gifts Special rules for Charitable Trusts and Charitable Gift Annuities
- Qualified Charitable Distributions \$100,000 per year to 501(c)(3)
  - Not to a Donor Advised Fund
  - 2023 One time \$50,000 Special QCD into Charitable Trust/Gift Annuity





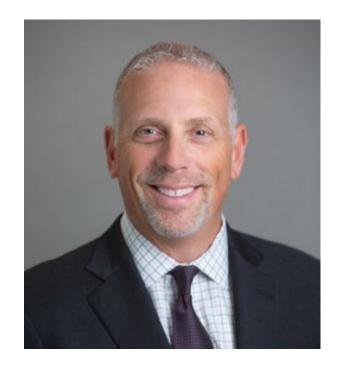
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Time for a stretch break! Take 15 minutes.

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# Charitable Gift Vehicles & Useful Estate Planning Tools



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- Irrevocable trust
- Income stream to Settlor or other non-charitable beneficiary
- Remainder to one or more charities
- Income interest must be an annuity or a unitrust (CRAT or CRUT)
- Annual payout cannot be less than
   5% nor more than 50%
- Actuarial value of remainder must be at least 10% on formation

### Charitable Remainder Trust



- Irrevocable trust
- Lead interest paid to charitable beneficiary
- Remainder reverts to grantor or paid to one or more non-charitable beneficiaries
- Income interest must be an annuity or a unitrust (CLAT or CLUT)
- During lead term no payments for non-charitable purposes
- Additional contributions can be made to CLUT but not CLAT

### Charitable Lead Trust





## Questions?



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Thank you for attending!

## **CLE Credits and Evaluation**

#### Continuing Education SIGN-OUT FORM

To receive your certificate, please complete and hand in your Continuing Education sign-out form.

#### **EVALUATION FORM**

We also ask that you please complete your evaluation and hand it in.

We value your thoughts!

\*ALL FORMS ARE LOCATED AT THE TABLE\*