

26.3 *your* estate matters

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Need to Provide for a Disabled Loved One?

An ABLE Account May Be the Answer

Public benefits like Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP), and Medicaid provide millions of Americans with income, health care, and food and housing assistance. Unfortunately, becoming and remaining eligible for those benefits is restricted to people with less than \$2,000 in liquid resources.

An ABLE (Achieving a Better Life Experience) account can have special value for a disabled beneficiary. The assets in an ABLE account up to \$100,000 are ignored for purposes of SSI. All the assets in an ABLE account are ignored for purposes of Medicaid. Further, the assets in an ABLE account are income tax-free as long as the funds are used for qualified disability expenses which are defined quite broadly.

First, the basics. As of May 2021, eligibility is limited to people whose onset of disability occurred before they turned 26 years old. The limit for annual contributions to an ABLE account, whether from the individual or family and friends, is \$15,000. These funds while in the account, grow tax-free and are not subject to gift tax restrictions. The person with the disability, assuming they have legal capacity, can manage the funds in their own ABLE account, making them feel more independent as well as making it easier to access funds.

But there are a few caveats. The total balance allowed in an ABLE account varies from state to state, ranging from \$235,000 to over \$500,000. Also, while there are no limits for Medicaid and certain housing benefits, only the first \$100,000 in an ABLE account is exempt from the \$2,000 SSI resource limit. Above that amount, SSI benefits are suspended.

For families seeking to provide for the care of a disabled loved one, an ABLE account may be a great option, and round out Special Needs planning. Call our office to determine which estate planning strategies are right for your family's unique circumstances.

Surprising Senior Discounts

Early bird specials are great, but why stop there? Here are a few senior discounts you're less likely to know about. If you are ever in doubt, ask—because you often won't get what you don't ask for!

Cell phones: Providers like AT&T and T-Mobile offer waived fees or discounts on service or accessories.

National Parks: Annual passes only cost \$20. A lifetime pass goes for \$80. And you can get 50% off certain activities, rentals, and services.

Drug stores: Retailers like Walgreens offer "Older Balance" rewards programs that provide discounts for

anyone over age 55. And don't forget to watch out for "Seniors Day" events with in-store and online discounts.

Hotels: Most chains provide discounts for guests 55 and older. Some will also be more lenient in granting early check-ins and late check-outs.

Rental cars: Companies like Hertz offer 20% off for drivers over age 50, and further discounts if you book online.

Tuition: Believe it or not, some colleges and universities offer tuition waivers. (Some will only let you audit courses for free, but still: Free is free.)

Since Gardening Is Good for You...

Why Not Harvest the Benefits Year-Round?

There's a study for everything, and gardening is no exception. The exercise involved in gardening can increase longevity. Careful exposure to the sun can reduce Vitamin D deficiency. Gardening can improve memory levels and promote the growth of new neural connections. And then there's this: Research even shows that simply viewing plants can reduce feelings of stress, fear, anger and sadness, and reduce blood pressure, pulse rate and muscle tension.

In short, gardening is good for you.

So why limit the benefits to the spring and summer months? Even if you live in an area with relatively harsh winters, there are options available. Planting

bulbs in the fall will lead to surprising bursts of color in the spring. And you can remove dead annuals, weed and mulch garden and flower beds, add compost or fertilizer to the soil, and bring more vulnerable plants inside to nurse through the cold months.

Then turn your focus to your indoor garden. Succulents, spider plants, and herbs are great options for the most inexperienced of gardeners. (Succulents in particular seem to thrive on inattention and neglect.) You can also use seeds to grow annuals, vegetables and ornamental plants to transplant outside in the spring.

Still not convinced? Consider what is possibly the best benefit of all—not

only can you connect with nature, but you can also connect with other gardeners. A clinical review of nearly 150 studies found that people with strong social ties had a 50% better chance of survival, regardless of age, sex, health status, and cause of death than those with weaker social ties. Enjoy the process of gardening while benefiting from the friendships you make and the sense of belonging and community you enjoy.

Year-round.

Research referenced:

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6334070/>

<https://journals.plos.org/plosmedicine/articleinfo/doi/10.1371/journal.pmed.1000316>

The Shrinking Estate Tax Exclusion

It's a Matter of When, Not If

Here's the good news: In recent years, the estate and gift tax exemption has doubled to \$11.7 million for individuals and \$23.4 million for married couples. That means your heirs could receive up to \$23.4 million and pay no federal estate or gift tax.

Here's the bad news: The exemption is only through 2025. It's possible that even before that, the exemption limit could change. One proposal would restore estate and gift taxes to the 2009 level: \$3.5 million per person for estate tax, \$1 million for gift tax, and a top tax rate of 45%.

The uncertainty makes planning ahead difficult, but not impossible. If you're wealthy and concerned about reduced estate and gift tax limits, start a gifting plan now. The IRS finalized rules last year saying that it will not "claw back" lifetime gifts if or when the exemption is lowered. Since the present interest annual gift exclusion amount for 2021 remains at \$15,000, you can give away \$15,000 to as many individuals as you wish with no federal gift tax consequences, in other words before you even touch your \$11.7 million exemption. (A couple can each make \$15,000 gifts, effectively doubling the amount per recipient.) Also, you can make unlimited payments—as long as you make the payment directly to the provider—for medical and tuition expenses.

And while you can make gifts outright, you can also make gifts to a Trust that allows you to maintain some level of control or discretion over how those funds are eventually used. Options include a Trust that would benefit your spouse and descendants and not be included in either spouse's estate, a so-called Spousal Lifetime Asset Trusts ("SLAT"), also sometimes called a Spouse and Family Exclusion ("SAFE") Trust.

Sound complicated? It can be, especially with all the uncertainty surrounding future estate and gift tax exemption limits. That's where we can help: Creating short- and long-term plans based on different tax and legal scenarios. Outright gifting may be one option. Funding a Trust may be an option. Making a split-interest gift, or gifting into a life insurance Trust also could be options. On the flip side, you may wish to avoid making gifts of highly appreciated assets since assets in your estate at death get a step-up in income tax basis whereas if you gift them and remove them from your estate they would not get the step-up at your death.

In short, when things change—either in your circumstances, goals, or needs, or due to new legislation—we're there for you. As the old saying goes, "Failing to plan... means planning to fail."

Especially when uncertainty is a given.

Can You Guess this Legacy?

He arrived at work by 6 a.m. to review the day's material. He reviewed pronunciation. He reviewed questions and answers, not so he could pretend to be smart—something he could, as a performer, easily have pulled off—but so he could actually be smart. He then would step back and let the game, and the players, take the spotlight.

He didn't want to be showy or flashy. He just wanted to be thoughtful, trustworthy, and caring.

For 36 years, he hosted one of the longest-running television game shows. That's over 8,200 episodes. More than 250,000 clues. Yet the Jeopardy! host's biggest accomplishment was his ability to create an environment where the best and brightest could succeed on the basis of their own talent and merit. And for at least a few moments, become stars.

Alex Trebek made the pursuit of knowledge an un-pretentious affair to be enjoyed by people from all walks of life. He will always be remembered as "The Man with All the Answers."

What will your legacy be?

