



ELDER LAW AND ESTATE PLANNING

Joseph Karp
Jonathan Karp



Changing estate tax laws makes planning complicated for couple

Question: My wife and I are in our early 60s. We created our estate plan 20 years ago when the lifetime estate tax exemption was under \$1 million. We had taxable estates then. Since then, we've inherited money and our business has flourished, and we have about \$12 million between us. We hear the tax laws are changing again and we get different recommendations on what to do from our broker, accountant and the internet. Our original estate planning attorney no longer practices, so we're asking you: What steps we should take now to address the tax situation, current and future? We still have our original credit shelter trusts.

Answer: Clients and advisers alike have whiplash from years of constantly changing federal estate tax law. And you heard right: the law is due to change again! The 2017 tax act increased the lifetime estate tax exemption to \$11.2 million per individual, \$22.4 million per married couple. So, in theory, you do not have a taxable estate right now. However, the current law sunsets on Jan. 1, 2026, when the exemption will revert to its pre-2017 level of \$5.6 million per person, \$11.2 million per married couple, plus an inflationary increase. So by 2026 your estate could once again be in taxable territory. The upcoming

The Karp Law Firm, P.A.

Location, phone number:

■ Palm Beach Gardens, 561-625-1100

■ Boynton Beach, 561-752-4550

■ Port St. Lucie, 772-343-8411

Website: KarpLaw.com

Email: ask@karplaw.com

election adds more uncertainty. With the federal deficit exploding, lawmakers may opt to generate revenue by lowering the exemption prior to 2026.

Don't base your decisions solely on tax considerations. Your finances, family and goals must be considered. What are your assets? How are they titled? Are there children you want to leave as much tax-free money to as possible? If they are adults, are they stable and responsible? Please take your existing estate planning documents, your detailed asset information and all of your concerns to a qualified estate planning attorney who will help you formulate a plan that factors in these issues as well as the fluid tax laws.

Joseph Karp and Jonathan Karp are Florida Elder Law and Estate Planning Attorneys. The Karp Law Firm is located in Palm Beach and St. Lucie counties. It assists clients with wills, trusts, Medicaid and VA benefits planning, special needs planning, asset preservation, probate/trust administration, estate litigation, and probate and elder law mediation.