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10th Annual Long Island Trusts & Estates Conference

Tuesday, May 9, 2023 | Nassau County Bar Association



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Karen Acompora
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5 Smart Estate Planning Strategies for 2023



Presented By:

NEIL D. KATZ, J.D., LL.M., CPA
KATZ CHWAT, P.C.

175 Broadhollow Road
Suite 130
Melville, NY 11746
(631) 683-8700
neil@katzchwat.com
www.katzchwat.com

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 2nd 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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KATZ CHWAT, P.C.

175 Broadhollow Road
Suite 130
Melville, NY 11746
(631) 683-8700
neil@katzchwat.com
www.katzchwat.com

- 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





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Questions?



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Thank you for attending!



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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****