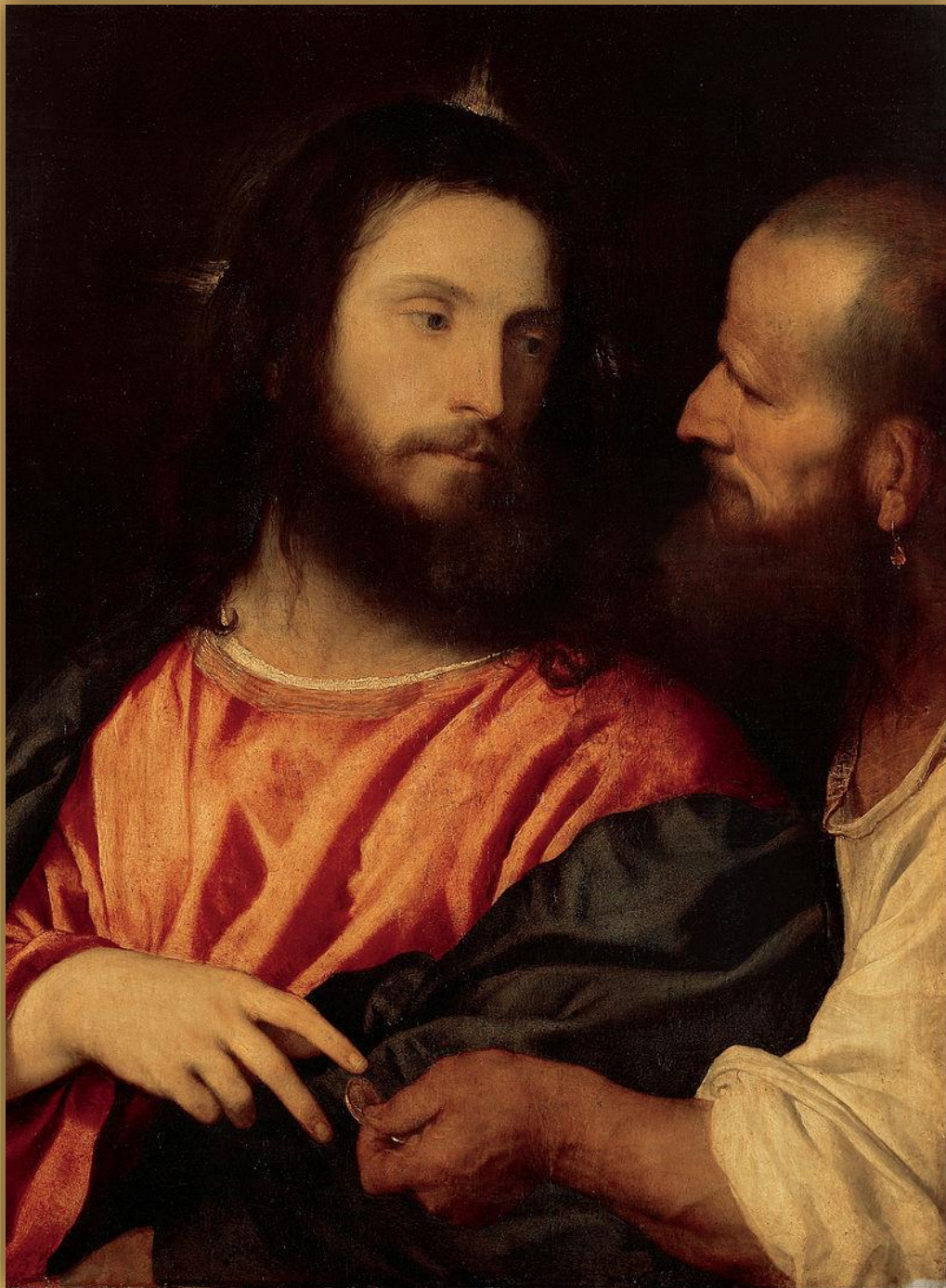




PROTECTING YOUR LEGACY

1

Is Your Estate Plan **Obsolete?**



MARK 12:13 - 17

Later they sent some of the Pharisees and Herodians to Jesus to catch him in his words. They came to him and said, “Teacher, we know that you are a man of integrity. You aren’t swayed by others, because you pay no attention to who they are; but you teach the way of God in accordance with the truth. Is it right to pay the imperial tax to Caesar or not? Should we pay or shouldn’t we?”

But Jesus knew their hypocrisy. “Why are you trying to trap me?” he asked. “Bring me a denarius and let me look at it.” They brought the coin, and he asked them, “Whose image is this? And whose inscription?”

“Caesar’s,” they replied.

Then Jesus said to them, **“Give back to Caesar what is Caesar’s and to God what is God’s.”**

And they were amazed at him.

Death taxes are now irrelevant for almost everyone.

TENNESSEE

- Gift tax was repealed in 2012
- Inheritance tax was repealed in 2016

FEDERAL

- Estate tax exemption is \$11.7 million per person
- Indexed for inflation
- 40% flat rate
- “Portable”
- Rules expire at end of 2025

(Income taxes may still be an issue, though.)

If your estate is less than \$11.7 million, you may be suffering from “over-planning.”

- Discuss with a professional whether these are still necessary:
 - Credit shelter planning
 - Irrevocable life insurance trusts (ILITs)
 - Qualified personal residence trusts (QPRTs)
 - Grantor trusts
 - Family Limited Partnerships and Limited Liability Companies
 - Division of assets
- Don't just look at your own estate plan.

An over-planned estate is OBSOLETE.

Proverbs 13:22

A good man leaves an inheritance for his children's children, but a sinner's wealth is stored up for the righteous.

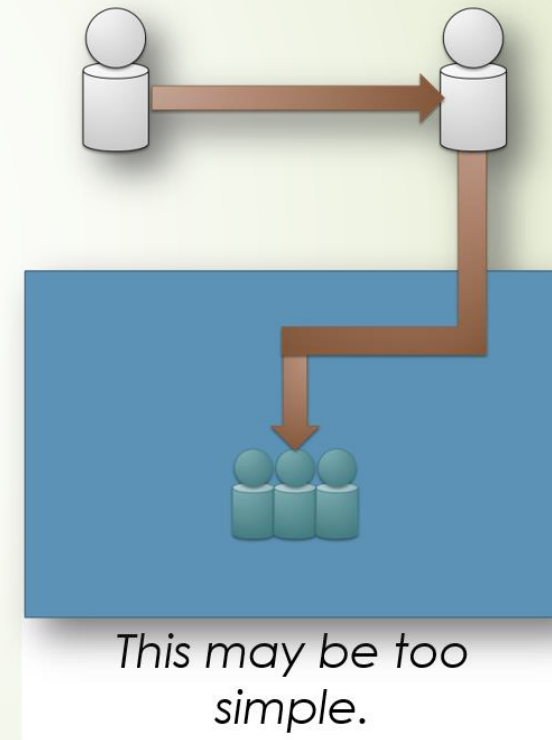
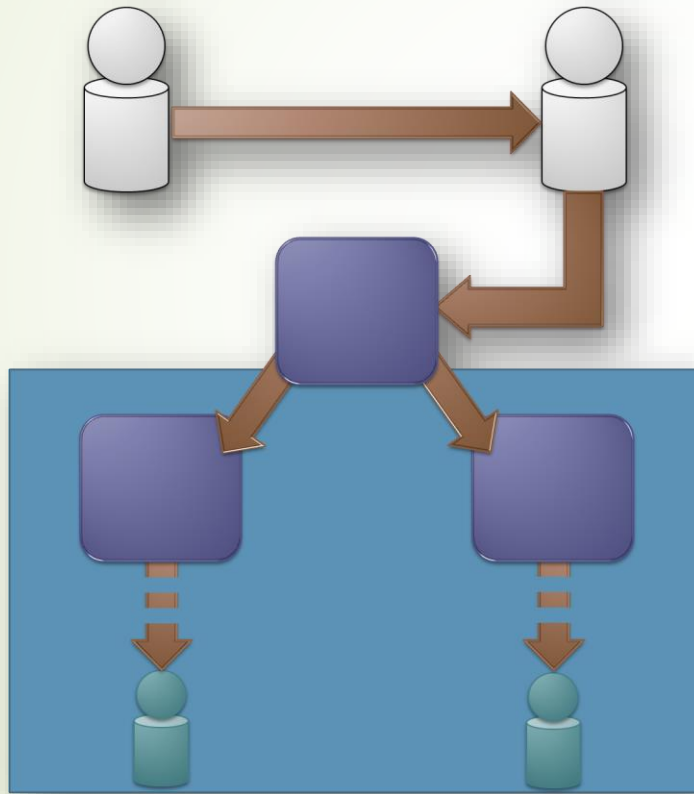


Non-taxable does not necessarily mean simple.

- Potential disability (yours)
- Potential or actual disability (beneficiaries)
- Out of state property
- Asset management issues
- Liability exposure
- Remarriage, especially with children from previous marriages
- Divorce
- Family assets
- Privacy
- Disinheritance (\$1)

A plan that ignores non-tax issues is OBSOLETE.

At a minimum, consider whether assets should pass to spouse and/or children in trust, even if non-taxable.





LUKE 12:13 – 15

Someone in the crowd said to him, “**Teacher, tell my brother to divide the inheritance with me.**”

Jesus replied, “Man, who appointed me a judge or an arbiter between you?” Then he said to them, “Watch out! Be on your guard against all kinds of greed; life does not consist in an abundance of possessions.”

If your estate plan fails to consider personal dynamics, it is OBSOLETE.

- ▶ Poorly-chosen fiduciaries and co-fiduciaries
- ▶ Multiple beneficiaries of common funds
- ▶ Arrangements that essentially force family members into business with each other
- ▶ Don't forget to consider the effect of your beneficiaries' *spouses...*

NUMBERS 27:8 - 11

Say to the Israelites, 'If a man dies and leaves no son, turn his inheritance over to his daughter. If he has no daughter, give his inheritance to his brothers. If he has no brothers, give his inheritance to his father's brothers. If his father had no brothers, give his inheritance to the nearest relative in his clan, that he may possess it. This is to be a legal requirement for the Israelites, as the LORD commanded Moses.'



No plan is just as bad as an obsolete plan (if not worse).

- Intestacy is not optimal.
- Don't tear up your obsolete existing documents.
- Before you say this isn't a problem, ask yourself: do I know where my original documents are?
- Also: were your documents executed properly?



He who fails to plan is planning to fail.

In short, if your estate plan falls into one of these categories...

- Overplanned (unnecessarily complicated in light of tax changes in the last 10 years)
- Totally Tax-Centric (ignores non-tax issues)
- Unrealistic (fails to consider family dynamics)
- Non-existent

...it is probably OBSOLETE.

ACTS 4:33 – 35

With great power the apostles continued to testify to the resurrection of the Lord Jesus. And God's grace was so powerfully at work in them all that there were no needy persons among them. **For from time to time those who owned land or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone who had need.**

Charitable opportunities abound.

- Direct MRDs to charity
- Gift appreciated property to charity
- Make charitable bequests out of retirement assets
- Charitable Remainder Trusts and Charitable Lead Trusts
- For large charitable gifts, consider a Donor Advised Fund or Private Foundation
- Beware of the deduction limitations

Final Thoughts...



- The boundary lines have fallen for me in pleasant places; surely I have a delightful inheritance. Psalm 16:6
- A wise servant will rule over a disgraceful son, and will share the inheritance as one of the brothers. Proverbs 17:2
- An inheritance quickly gained at the beginning will not be blessed at the end. Proverbs 20:21
- Wisdom, like an inheritance, is a good thing and benefits those who see the sun. Ecclesiastes 7:11
- Praise be to the God and Father of our Lord Jesus Christ! In his great mercy he has given us new birth into a living hope through the resurrection of Jesus Christ from the dead, and into an inheritance that can never perish, spoil or fade—kept in heaven for you, who through faith are shielded by God's power until the coming of the salvation that is ready to be revealed in the last time. 1 Peter 1:3 – 5



Joel D. Roettger, JD, LLM, EPLS
Gentry, Tipton & McLemore, PC

900 S. Gay Street, Suite 2300

Knoxville, TN 37902

(865) 525-5300

jdr@tennlaw.com

**Certified as an Estate Planning Legal
Specialist by the National Association of
Estate Planners & Councils**