

Winter  
2021

# Worth Knowing

Courtesy of Wilson Law Group, LLC

## PLANNING

 under the *Biden* administration

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After several days of counting ballots, Joe Biden has been declared the winner of the 2020 Presidential election. The 2020 election and its aftermath promise significant changes in how Americans will be taxed. While it is unlikely that every proposal discussed during President-Elect Biden's campaign will become the law of the land, we can still glean essential details from all the campaign rhetoric to help us prepare to weather these possible changes.

### Proposed Policy Adjustments under a Biden Presidency

Here is what we know so far about some of President-Elect Biden's key proposals that are most relevant to your estate planning:

#### Estate, Gift, and Generation-Skipping Transfer (GST) Taxes

For 2020, the estate and gift tax exemption is set at \$11.58 million (indexed for inflation), with any wealth over that amount taxed at 40 percent as it passes to heirs. This exemption amount is scheduled to be lowered in 2025 to \$5 million (also indexed for inflation) unless new legislation is passed before then.

President-Elect Biden suggested during his campaign that he would support legislation that would reduce both the estate and GST tax exemptions to \$3.5 million per individual and would lower the lifetime gift tax exemption to \$1 million. President-Elect Biden has

discussed other proposed legislation that aims to place annual, aggregate donor limits on gifts to certain types of entities such as irrevocable life insurance trusts and certain pass-through entities such as family limited partnerships.

In addition to reduced transfer tax exemption amounts, several Democratic tax reform proposals have suggested returning estate tax rates to historical norms. What does that mean? In the 1940s, the top estate tax rate was 77 percent, and under 2001 federal tax law, it was as high as 45-55 percent. As a result, we may well see an upward adjustment in the estate and gift tax rates.



#### Capital Gains Taxes

Our current law taxes capital gains as regular income if those gains are realized on property held for less than one year. For long-term capital gains (gains on property held for a year or longer), there is a graduated tax rate depending upon the tax filer's income level (0 percent, 15 percent, or 20 percent). For individuals and couples who earn more than \$200,000 and \$250,000 per year

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respectively in net investment income, there is an additional 3.8 percent surtax added to their capital gains tax rate.

The current law also allows for a step-up in basis of appreciated property if the property is held until the owner dies. This allows for inherited property to be sold or liquidated shortly after the owner's death with little to no capital gains taxes assessed on the sale of the property.

Today's law provides that no gain or loss is recognized if real property held for productive use in a trade or business or for investment purposes is exchanged for real property of a like-kind to be held either for productive use in a trade or business or for investment purposes. The main advantage of a like-kind exchange is that it allows for postponing gain recognition for income tax purposes. If an individual keeps completing such like-kind exchanges on appreciated property until the individual's death, the capital gains built up in that property may be erased by the basis step-up rules.

Proposed changes under a Biden presidency would either (1) eliminate the step-up basis rule for inherited property and impose a carryover basis rule for inherited property or (2) impose recognition of gain on property at the owner's death. Additionally, the Biden tax plan proposes eliminating like-kind exchanges and imposing a 39.6 percent long-term capital gains tax rate on individuals earning more than \$1 million per year. And if the 3.8 percent surtax on net investment income remains in place, the effective federal tax rate on long-term capital gains could exceed 43 percent.

If these changes are implemented along with the changes to the estate tax laws discussed above, many estates could see significant tax bills at the death of the estate owner.

### **What to Do in the Meantime**

Although it may be too early to know exactly what the tax laws will look like in 2021, we can still take some concrete steps to prepare while we wait for answers. Tax issues, while certainly important, should not overshadow the need to get your affairs in order in case of an untimely death or disability. If it has been some time since you reviewed your estate planning documents such as wills, trusts, powers of attorney, and healthcare directives, now is a great time to do so. Reviewing these important aspects of

your estate planning can go a long way toward creating peace and security for you and your loved ones in these uncertain times.

### **We Are Here to Help**

No one knows for sure what the future holds for our country. However, what is certain is that we will continue to monitor the latest tax law developments closely and keep you updated as they unfold. In the meantime, if you have any questions or concerns, please do not hesitate to contact us. We are here for you.

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# **UPDATE:**

## *Spring Forum Dinner*

It's been a tough year for our regularly scheduled events. Our 2020 Forum Dinner was cancelled last April, and our RWay Symposiums were forced to move to a virtual format as coronavirus raged through Wisconsin.

Planning for the 2021 Forum Dinner, currently scheduled for April, requires decisions and commitments to be made now. While things are finally looking up thanks to the imminent COVID-19 vaccine, we must remember that the effectiveness and availability of the vaccine are unknowns at this point. In the meantime, the virus is still here and still a threat to public health. **The safety of our clients and staff is our priority. Therefore, we cannot, in good conscience, move forward with hosting this event in 2021.**

We know our RWay members look forward to this event every year, and cancelling it for the second year in a row was a very tough decision for us. However, we are looking forward to the return of our RWay Forum Dinner in April of 2022.

We appreciate your understanding, and we wish you all a safe and prosperous New Year!

# Talking to Your Family About Estate Planning



According to a 2019 survey carried out by Caring.com, 57% of adults in the United States have not prepared any estate planning documents such as a will or trust despite the fact that 76% viewed them as important. Many of the respondents said this was due to procrastination, while many others mistakenly believed that it was not necessary because they did not have many assets.

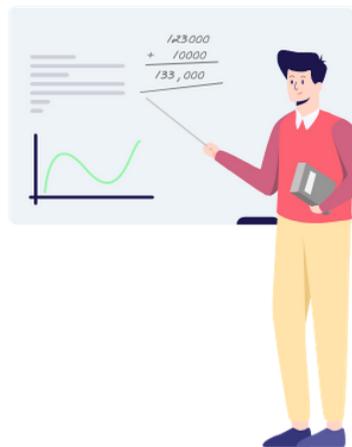
Estate planning is often a difficult topic to broach, as it brings the unpleasant topics of aging and death to the forefront of our minds. However, creating a proper estate plan can also provide significant peace of mind for your family members by ensuring their life savings are protected, plans are in place in the event they become ill, and their property is passed down according to their wishes. Here are a few tips to help you start the conversation and important discussion points.

**Be sensitive to your family members' feelings.** Put yourself in their shoes, and keep in mind that few people are eager to dwell on the subject of their own mortality. One way to begin the conversation is to talk first about the need to plan for illness and to provide instructions in the event they become too sick to communicate with doctors or manage their own finances. The conversation can then naturally progress to the importance of having an estate plan that will enable their life savings to be transferred in the way that they wish, provide for the care of any children or pets, and minimize any taxes, court costs, and legal fees. Communicate that you are not trying to control their decisions, but only want to ensure that their own wishes regarding their medical care and their property are known—and that all their instructions are in writing to guarantee they are honored.

**Involve other family members in the conversation.** If you are planning to speak to your parents about the need for an estate plan, it is important to try to include any siblings in the discussion to avoid giving the impression that you are trying to influence or control your parents' choices. You and your siblings should emphasize to your parents that none of you are asking about what you will inherit, but just want to make sure that their wishes are known and honored if they become ill or pass away.

## Address several key topics.

- ◆ Ask if your family members have a ***last will and testament and/or a trust***, and explain that if they do not have these important legal documents, state law will determine who will receive their property—and thus it may not occur in the way they would have chosen. In addition, someone appointed by the court, instead of a trusted person of their own choosing, might be in charge of caring for any children or pets. Spelling out their wishes in a will or trust will also prevent confusion and anxiety when they are gone.
- ◆ A financial power of attorney will allow them to designate an individual to manage their finances and property if they are unable to manage them. Inquire about your family members' powers of attorney, and encourage them to decide who would be the best individuals for the job.
- ◆ Make sure that your family members have proper medical powers of attorney and ***advance directives*** in place. These documents contain their wishes about how they would like their medical care to be handled if they are not able to make decisions for themselves. A medical power of attorney also enables them to designate a trusted person to make medical decisions for them when they are unable to speak themselves.



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All classes are offered exclusively to our RWay members and their guests.

Wilson Law Group combines our most valued educational workshops into three convenient half-day events!

**Where:**

The Symposium II courses will be available on our website on January 23. See the instructions below the schedules for information on how to access these courses. They will be available for you to watch indefinitely.

A decision about whether to hold Symposium III courses online or in person will be made closer to the event date.

**When:**

Saturday, January 23, 2021  
 Saturday, May 15, 2021

**Three Ways to Register:**

**Phone**  
 608-833-4001

**Email**  
 mail@wilsonlawgroup.com

**Website**  
 wilsonlawgroup.com

*Symposium II  
 Saturday, January 23, 2021*

<b>8:30 a.m.</b> LegalVault	<b>8:30 a.m.</b> Income Taxes for Trusts
Break	
<b>9:45 a.m.</b> Trustee Training: Trust Process	<b>9:45 a.m.</b> Protecting Your Identity & Your Credit
Break	
<b>11:00 a.m.</b> Trustee Training: Administration Process	<b>11:00 a.m.</b> Travel Today: Tips & Safety

*Symposium III  
 Saturday, May 15, 2021*

<b>8:30 a.m.</b> Trustee Training: Trust Process	<b>8:30 a.m.</b> Current Events in Estate Planning
Break	
<b>9:45 a.m.</b> Trustee Training: Administration Process	<b>9:45 a.m.</b> Your Vacation Home
Break	
<b>11:00 a.m.</b> Have You Done Your Homework?	<b>11:00 a.m.</b> Leaving a Legacy

*Check out our growing library of workshops!*

1. Go to wilsonlawgroup.com
2. Click the "Log in to Watch RWay Workshops" button under "Free Workshops"
3. Enter the password: **Sinatra2013**



\*All classes are presented by WLG unless otherwise indicated\*

## **Trustee Training: *The Trust Process***

This program will provide attendees with an understanding of estate planning concepts, why a trust is useful in comprehensive planning, and an introduction to the trust administration process. Attendance is a must for every Trustee and successor Trustee. A Trustee Handbook will be included. This program is a precursor for the Trustee Training (The Administration Process) program.

## **Trustee Training: *The Administrative Process***

The Trust Administration workshop provides Trustees with a detailed description of the decisions to be made and the tasks to be completed following the death of a Trustmaker. These include valuing assets, administering retirement plans and annuities, dividing and distributing trust assets, and preparing estate and fiduciary income tax returns. It is important to know how to handle these responsibilities before the need exists. Prior attendance at the Trustee Training (The Trust Process) program is highly encouraged.

## **LegalVault**

This workshop is for anyone who would like to learn more about the benefits and functions of their LegalVault account. LegalVault enables you to keep, track, and review your documents outside of your regular estate planning meetings, control access to your estate planning documents, and add additional documents to your vault that requires privacy. LegalVault also allows healthcare providers to have access to your medical directives at a moment's notice.

## **Current Events in Estate Planning**

As we all know, estate planning is essential to making sure your assets and values pass on to future generations in the way that you want. This program is designed to keep you up to date with how changing laws and court decisions can impact your existing planning. We will discuss the most important changes that can have an impact in your plan.

## **Protecting your Identity & Your Credit *Presented by an Industry Professional***

Identity theft is on the rise, and it has become a very real issue for Americans. Even large corporations like Target and Sony have had massive data breaches. How can you protect yourself? This workshop will review methods to help you safeguard your information against identity theft, as well as help you defend yourself in the event that your information is ever compromised.

## **Income Taxes for Trusts**

Income taxes are often a secondary discussion topic during the course of planning an estate. However, basic knowledge of trust and estate income tax rules is essential to avoiding common mistakes that can cost thousands of dollars. This workshop will provide a practical overview of the issues that arise in connection with the income taxation of trusts and estates.

## **Travel Today: Tips and Safety *Presented by an Industry Professional***

An expert in the field of travel will share key tips on how to plan for and enjoy a safe trip. Topics to be covered include: history of traveling and what has changed; tips for traveling; preparing to fly; special considerations when traveling abroad; most common travel mistakes; top 10 reasons to work with a travel agent; what to keep in mind when using an online travel service; packing/luggage considerations; and concerns regarding COVID-19.

## **Have You Done Your Homework?**

Not only is your trust binder full of important legal documents, it also contains documents to guide your family in implementing your plan. This workshop offers a guided session to completing your Memorandum for Distribution of Personal Property, Remembrance and Services Memorandum, Child Care Exhibit, Key Information section, and other documents that you may customize. Please bring your trust binder(s) and we will identify your "homework" and provide direction on completing it.

## **Leaving a Legacy *Presented by Anita Hecht***

We often pay more attention to passing on our possessions than we do to passing on our life stories. Consider, however, that one of the greatest gifts you can give your current and future loved ones is the story of your life.

Anita Hecht - founder of Life History Services and professional interviewer for Steven Spielberg's Shoah Foundation, as well as numerous oral history projects - will lead us in exploring the value and process of capturing and preserving your most important legacy.

## **Your Vacation Home**

Whether it's a small cabin "up north" or a Florida winter getaway, a vacation home can be a wonderful place for families to gather and create memories. Unfortunately, property or items that create the most joyful memories in life often become painful points of friction without proper planning. Topics we will cover include title issues, renting, gifting, location, and divorce.

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- ◆ Find out whether they have **insurance** and the location of the insurance policies. If your family member becomes incapacitated or dies, it is important to have information about their insurance so that claims can be filed for benefits in the case of health, disability, long-term care, and life insurance, and that other types of policies, such as homeowner's or auto insurance, can eventually be modified or terminated.
- ◆ Ask them to compile a **list of all of their accounts and property** and other important personal information, including bank and investment accounts, titles to vehicles, deeds to homes, credit card accounts or loans, digital accounts (such as Facebook, Twitter, Netflix) and passwords, Social Security cards, passports and birth certificates, which will be needed to wind down their affairs once they are gone. This information should be kept in a safe place and shared only with trusted family members or loved ones.
- ◆ A **list of legal, financial, and medical professionals** who have worked with your family members is also important. Be sure they include medical doctors and care providers, financial advisors, insurance agents, CPAs or tax professionals, business partners, care providers, and more. The list should include the professionals' contact information so they can be easily reached in the event their help is needed.

**Consult an estate planning attorney.** Once you have this important conversation with your family members, they might realize it is time to contact an experienced estate planning attorney who can help them create an estate plan tailored to meet their needs and carry out their wishes. They might also realize they need to update a plan that no longer fits their goals and wishes. We can help them ensure there is a plan in place that will prevent unnecessary stress, legal expenses, taxes, arguments between family members, and delays in passing their property to loved ones when they pass away. An estate plan will also provide them with the peace of mind that comes with knowing there is a plan in place for their care if they become ill. Please call us today to set up a consultation.

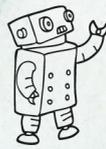
## Worth Knowing

Did you know that Wilson Law Group has a Youtube channel?

You can access our videos at [wilsonlawgroup.com](http://wilsonlawgroup.com) under **About** → **Worth Knowing**. This new section on our website includes short 1-3 minute videos on topics like probate, the CARES Act, and even how to choose an estate planning attorney (although we're pretty sure you know how to do that if you're reading this)! This page will be updated regularly with videos about a variety of topics.

If you have any questions, suggestions, feedback, or topic ideas, email Samantha at [samantha.radle@wilsonlawgroup.com](mailto:samantha.radle@wilsonlawgroup.com).

### 5 Strange Statistics

1. Nearly half of all phone calls received by Americans are some form of robocall 
2. Fifty-five percent of Americans think they are smarter than the average American 
3. More than 10% of the world's salt is used to de-ice American roads
4. More than 20% of Valentine's gifts are purchased for pets 
5. Seventy-five percent of Americans don't trust survey results to be unbiased



# This Quarter in History

**January 24, 41 AD** Roman Emperor Caligula was assassinated at the Palatine Games by his own guard. Noted for his madness and cruelty, Caligula's chaotic reign lasted only four years.



**January 25, 1533** King Henry VIII married his second wife, Anne Boleyn, in defiance of Pope Clement who had refused to annul his first marriage. The King later broke all ties with Rome and became Supreme Head of the Church of England.

**January 27, 1832** Writer, photographer, and mathematician Lewis Carroll was born in England. His first novel, *Alice's Adventures in Wonderland*, would be published in 1865.

**February 7, 1964** Beatlemania officially began as the Beatles arrived on their first visit to the United States. About 3,000 screaming fans caused a near-riot as the band stepped off their plane in New York.

**February 11th, 660 B.C.** The first legendary Emperor of Japan, Jimmu, ascended to the throne, and the Japanese holiday is now recognized as National Foundation Day.



**March 1, 1692** In Salem Village in the Massachusetts Bay Colony, Sarah Goode, Sarah Osborne, and Tituba, a slave from Barbados, were charged with the illegal practice of witchcraft. Later that day, Tituba, under coercion, confessed to the crime, encouraging the authorities to seek out more witches. Ultimately, 19 men and women would be executed.



**March 23, 1775** Patrick Henry ignited the American Revolution with a speech before a convention in Virginia, stating, "I know not what course others may take; but as for me, give me liberty, or give me death!"



# Cold Weather

## SUPERSTITION & LORE



Chimney smoke that sinks toward the ground rather than rising is a sign of snowstorm within 26 days.

If snow begins at mid of day, expect a foot of it to lay.



An excess of nuts and acorns on the ground signals a harsh winter ahead.

The date of the first snow foretells the number of snowstorms for the winter.

(Note: the first day of snow this year was December 12!)



When the first snowflakes are large, the snowstorm will be a lasting one. When they are small, the storm will be a short one.

Lightning or thunder signals snow within ten days.



The higher the hornets build their nests, so will the snow be next winter.

When corn husks are thicker and tighter than usual, a cold winter is forecast.



# Mark Your Calendars



## JANUARY 27



### HOLOCAUST REMEMBRANCE DAY

January 27

## FEBRUARY 2

Groundhog  
Day



## FEBRUARY 14



Valentine's  
Day

## MARCH 14

Daylight  
Savings



## MARCH 17



### ST. PADDY'S DAY