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AS THE END OF 2019 APPROACHES, CONSIDER THE FOLLOWING ESTATE PLANNING TIPS. IF YOU NEED HELP OR WANT TO CHECK YOUR CURRENT PLANNING OPTIONS, CONTACT AN ATTORNEY WHO SPECIALIZES IN ESTATE PLANNING.

## Melanie Witt's Year-End Estate Planning Tips

### CHECK YOUR ESTATE PLAN

New estate planning rules enacted over the last five years might mean that your current plan will work differently than you intended. Make sure that the terms, under the new rules, still reflect your wishes.

### CHECK YOUR ASSET OWNERSHIP AND BENEFICIARIES

If your assets are incorrectly titled or list the wrong beneficiaries, you have sabotaged your own intentions.

## USE-IT-OR-LOSE-IT GIFT TAX EXEMPTIONS

Taxpayers can give up to \$15,000 to as many people as they wish in 2019, free of gift or estate tax. Each person gets a new annual gift tax exclusion every year, so don't let 2019 go to waste. Taxpayers and their spouses can use their exemptions together to give up to \$30,000 per beneficiary. If they have four children and 10 grandchildren, for example, they can remove up to \$420,000 from their estate tax-free this year.

## CAPITALIZE ON THE CURRENT FEDERAL GIFT AND ESTATE TAX EXEMPTION

Currently, individuals can exempt up to \$11.4 million during their life or at death but come 2025, this large exemption (absent legislation) will sunset. The current Illinois estate exemption is \$4 million and Illinois does not impose a gift tax. If you have the means to make larger gifts, now is the time!

## PAY TUITION AND MEDICAL EXPENSES

Payments for tuition and medical expenses are not considered taxable gifts and are not included in annual exclusion limits or in the Federal Gift and Estate Tax Exemption. To qualify for the exemption, payments must be made directly to the educational institution or medical professional. Considering the high costs of higher education, paying your grandchildren's college expenses is a terrific way to transfer wealth with no tax cost.

## EMPLOY STRATEGIES DESIGNED TO TAKE ADVANTAGE OF RECORD LOW INTEREST RATES

Finally, low interest rates present another planning opportunity. Many estate and gift tax strategies hinge on the ability of assets to appreciate faster than the interest rates prescribed by the IRS. There's a window of opportunity to utilize estate-planning techniques while interest rates are still low, and the lifetime gift exemption is at an all-time high. Some of these techniques include Grantor Retained Annuity Trusts, Qualified Personal Residence Trusts, and Intra-Family Loans.

## UTILIZE YOUR ESTATE PLAN AS YOUR DISABILITY PLAN


Estate planning is not just about who gets your assets when you die. A good estate plan also focuses on utilizing your assets for you while living if you lose mental or physical capacity. If your plan is more than a few years old or does not include a fully funded revocable living trust, then chances are it lacks a good disability plan. A good estate plan requires a Power of Attorney for Property authorizing your agent to manage your assets in your individual name. This Power of Attorney should address your "digital" assets like online bank and brokerage accounts, email, and social media in accordance with the recently enacted Illinois Digital Assets Act. Additionally, a good estate plan needs to include a Health Care Power of Attorney allowing someone to make health care decisions on your behalf and addressing your wishes with respect to life-sustaining procedures. 



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