

# WILLS, TRUSTS & ESTATES: PLAIN AND SIMPLE

## *Is Now, Finally, the Time to Address Estate Planning?*



Once the Presidential election was over, you decided that the probability of the federal gift and estate tax exemption decreasing from the current level of \$11,780,000, retroactive to January 1, 2021, was slim, and you held off rushing to address your estate plan by the end of 2020. That may have given you some breathing room, but the exemption is still scheduled to go down to \$5 million (indexed for inflation) on January 1, 2026, or sooner, if President Biden has his way.

Now that you have time to think about it, without feeling rushed, you should address your estate plan sooner, rather than later. With the prospect of the federal gift and estate tax exemption decreasing to about \$6 million (or, even as low as \$3.5 million under some proposals), and the potential for gift and estate tax

rates to go higher than the current 40%, it certainly does make sense to review your estate plan now.

The New York estate tax exemption is \$5,930,000 per person in 2021 (up from \$5.85 million). While New York has no gift tax, since 2014, gifts made within three years before a person dies are added back to his or her gross estate for New York estate tax purposes, causing these gifts to be subject to New York estate tax, if the total net estate, including those gifts, exceeds the New York exemption amount. This is another reason to address your estate planning sooner rather than later.

Recently, I have written about various estate planning techniques to reduce the size of one's taxable estate at death. In the December issue, I wrote about Spousal Lifetime Access Trusts ("SLATs"), which remain excellent tools to leverage the higher federal gift tax exemption in the right circumstances. Anyone with substantial assets should consider using the current depreciated asset values, low-interest rates and high estate and gift tax exemptions to leverage his or her estate planning now, before we are faced with another deadline threatening the reduction in the federal gift and estate tax exemption amount. New York's "three-year rule" is another reason to consider estate planning in the shorter term.

*If there is a trusts or estates topic that you would like to know more about, please feel free to email me at [pmarcin@farrellfritz.com](mailto:pmarcin@farrellfritz.com) with your suggestion and I will do my best to cover it in a future column.*



*"I'm so glad we updated our wills. Farrell Fritz helped us understand all the recent changes and the best part is, we minimized our estate taxes. I feel so much more secure about our family's future."*



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