

Reviewing Your Estate Plan is One Resolution You'll Want to Keep in 2012

[Probate, Trust and Personal Planning Practice Group](#)

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New Year's resolutions typically center around improving physical, emotional and financial well-being. Among your resolutions should be a review of your personal planning documents to make certain that they are still effective under current law and still meet your personal goals. Many significant changes to the estate, gift and generation-skipping transfer tax laws took effect in 2010 and 2011, and some are scheduled to disappear in 2013 without further action by Congress, making this year a prime time to consider updating your estate planning documents.

- The federal estate, gift and generation skipping transfer tax exemption is \$5,120,000 for 2012. In 2013, the exemption is scheduled to return to \$1,000,000. Many estate plans take full advantage of the federal exemption by directing that assets valued in the amount of the exemption pass directly to your children or to a credit shelter trust under which your spouse has limited access. The significant increase in the federal credit may cause you to reconsider your options.
- The increased exemption in 2012 gives many individuals an unprecedented opportunity to make large gifts to save on estate taxes. You may wish to consider your gift tax planning options.
- Despite the rise in the federal estate tax exemption many state estate taxes are imposed on estates with assets valued at less than the federal exemption. Although there is no state estate tax in Florida, both Rhode Island and Massachusetts impose taxes on those decedents' estates that exceed an exempt threshold. The Rhode Island threshold is only \$892,865, and the Massachusetts threshold is \$1,000,000. This difference between the state and federal exempt amounts may warrant a review of your documents to ensure that your plan minimizes taxes by capturing both the state and federal exemptions.
- The death of a named beneficiary may be reason to review your plan to ensure that his or her share passes to the proper beneficiaries in accordance with your wishes.

- Likewise, if your family has grown with the addition of children or grandchildren, you may wish to make special provisions for them, such as expanding bequests to your new family members, or ensuring that assets left to minors are done so in trust, to be administered by the appropriate fiduciaries.
- You may wish to review those individuals whom you have named as trustees, executors and agents in financial and health care powers of attorney. Are they still the most appropriate choices? Has anything occurred in their lives which might change your selection?
- If any of your beneficiaries has been diagnosed with a disability, you may wish to review the manner of disposition to that person. Would disposition in a protective trust, such as a spendthrift trust or special needs trust, be appropriate?
- Marriage and divorce can significantly alter the disposition under a will or trust by operation of law, and may cause inconsistencies between your documents and your intentions. If there has been a marriage or divorce, either by you or by one of your beneficiaries, you may wish to revisit the choices you have made in your estate plan.
- Your plan takes into account the size and nature of your assets at the time you executed it. Have your assets experienced significant changes such as conversion of real estate or a business interest, or through inheritance of additional assets? If so, you may wish to review your plan to make sure these changes have been taken into consideration.

You have put a significant amount of time, energy and emotion into your estate plan. Your attorney at Partridge Snow & Hahn LLP would be happy to discuss these important issues with you to ensure that your intentions are fulfilled.