ALPERIN LAW
500 Viking Dr Ste 202
Virginia Beach, VA 23452-7487

March 2024 Issue

See Inside for:

OFFICE LOCATIONS

Multiple office locations for your convenience.

Virginia Beach (Main Office)
500 Viking Drive, Suite 202

Norfolk Office
319 W. 21st St., Suite B

Suffolk Office
3345 Bridge Road, Suite 916

Phone: 757-530-7011
Fax: 757-233-3600

UPCOMING SEMINARS & WEBINARS

IN-PERSON SEMINARS

Why Wills are Obsolete

Wednesday, April 10th at 2:00 pm

Plan Now to Protect Your Loved Ones

Wednesday, April 17th at 2:00pm

SCAN ME

ONLINE WEBINARS

ABCs of Successfully Acting as a Successor Trustee

Thursday, April 4th at 10:00am

Why Wills are Obsolete

Wednesday, April 24th at 2:00pm

SCAN ME

Give us a call!
757-530-7011
www.alperinlaw.com
Hours: 9:00-5:00 M-Th, 9:00-12:00 F

March 2024

How You Can Show Your Four-Legged Pals Some Love:
Ways to Provide Money to Care for Your Beloved Pet

As of 2023, 66 percent of US households own a pet.[1] A Forbes Advisor survey of more than 5,000 dog owners found that 41 percent of dog owners spend between $500 and $1,999 a year on their dogs and 8 percent spend more than $2,000 annually.[2] In addition to the annual cost of care, there is always the potential for emergency veterinary care, which can be costly. As a pet owner, you may have concerns about what would happen to your pet if you die or were unable to make decisions or care for your pet. There are several options to ensure that money will be available so your beloved furry family member will continue to receive the same level of care and support that you have always given them. You will want to evaluate the weekly, monthly, and annual costs associated with your pet's needs. This process will help you determine a specific amount required to cover your pet's anticipated lifetime expenses.

Lump Sum to the Caregiver

One option to financially provide for your pet is to give a lump sum to the person you choose to care for your pet at your death. This option is the easiest to carry out and does not involve any ongoing administration or oversight. However, because the money goes directly to the caregiver, there will be no one monitoring the use of the funds. You must trust that the caregiver will use the funds for the pet's benefit.

Pet Trust With the Caretaker as the Trustee

This approach to planning for a pet is a little more complicated than just giving money to the caregiver. In this scenario, money would be set aside in a trust specifically to care for your pet. There may be administrative requirements that the caretaker, as trustee, must do, such as submitting an accounting of the trust's income and expenses to a specified person. Despite these requirements, this approach does provide some flexibility because the caregiver and the trustee are the same person, meaning that a third party does not have to be consulted before expenses are paid or the caregiver is reimbursed for out-of-pocket costs. It is important to note that with one person serving in both roles, there is still a risk that funds may not be spent appropriately on the pet without oversight by a third party.

Pet Trust With Separate Parties Serving as Caretaker and Trustee

The final option provides the maximum protection for the money set aside for the pet. The pet trust will contain funds to care for the pet, but the caretaker will need to work with the trustee to gain access to the funds in the trust. The trustee can ensure that the money is being used for the pet. This may be a wise option if you have animals that cost a lot to care for such as horses or exotic animals, because the amount necessary to care for them could be more than you feel comfortable handing over to someone without any oversight.

Make Sure Your Plan Stays Up-to-Date

By proactively planning for your pets, you can ensure that they are cared for and supported if you cannot do so yourself. If you already have an estate plan that provides for your pet, an annual review of your estate planning documents can address changes in circumstances, such as acquiring additional pets, an increase in your pet's needs, the designated caregiver's situation, or your finances.

We can also help you create the appropriate legal documents that meet your state's applicable laws and regulations. Peace of mind comes from knowing that your pet will transition to their caregiver smoothly, with as little disruption to their routine and environment as possible. Taking care of your loved ones' futures, including your pets, is priceless. If you are interested in providing for your pet through your estate plan, please reach out to our office to schedule an appointment.

[1] Michelle Megna & Ashlee Tilford, Pet Ownership Statistics 2023, Forbes Advisor (June 21, 2023), https://www.forbes.com/advisor/pet-insurance/pet-ownership-statistics/#:~:text=to%20pet%20ownership%3A-,As%20of%202023%2C%2066%25%20of%20U.S.%20households%20(86.9%20million,acquired%20pets%20during%20the%20pandemic.

[2] Id.

Why You Might Have an Estate Tax Issue Soon

The Countdown Begins: Will We Keep the $10 Million Exemption?

The year 2026 is quickly approaching, bringing substantial changes that may affect your estate tax situation. The Tax Cuts and Jobs Act (TCJA) in 2017 significantly increased the federal estate tax exemption to $10 million adjusted for inflation. This is the amount you can gift or leave to your loved ones at your death without incurring a gift or estate tax liability. Any portion of the exemption used during lifetime reduces the total exemption amount available at death for estate tax purposes.

However, the countdown has begun for the potential sunset of this generous exemption by the end of 2025. Adjusting for inflation, the Congressional Budget Office estimates the new exemption amount will be $6.4 million in 2026.[1] There are strong arguments for and against the changes in legislation. Whether the current exemption amount remains or is reduced to roughly $6.4 million, valuable insights from professional advisors can prepare you for either scenario. What is not taxable today might be taxable tomorrow.

History of the Estate Tax Exemption

The federal estate tax was first enacted in 1916 to generate revenue for the government. Over the years, it has undergone various changes in exemption limits and rates.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) gradually increased the estate tax exemption and reduced the tax rate until it reached zero in 2010.[2] However, the estate tax was set to return to the 2001 amounts for deaths occurring in 2011 unless further legislative action was taken.[3] In 2011, the estate tax exemption was reinstated at $5.0 million.[4]

In 2017, the TCJA doubled the estate tax exemption from $5.49 million to nearly $11 million to stimulate economic growth and create jobs.[5] The exemption continues to adjust for inflation, offering individuals an unprecedented opportunity to pass on substantial wealth free from federal estate tax.

The TCJA's Sunset Provision

A sunset provision was embedded within the TCJA to limit how long the higher estate tax exemption could continue. Without legislative intervention, it will be cut in half to $5 million adjusted for inflation in 2026, creating a potential estate planning crisis for people with considerable estates on December 31, 2025. Adjusting for inflation, the Congressional Budget Office estimates the exemption amount will be $6.4 million in 2026.[6]

If We Keep the Current Estate Tax Exemption

Maintaining or increasing the already high estate tax exemption amount could be seen as a move that benefits the wealthy, broadening the tax burden for others. It can also be seen as maintaining the status quo. And the current law ensures that most people will not be subject to federal estate taxes.

A higher estate tax exemption was expected to foster economic growth and capital investment by allowing wealthier individuals and families to reinvest in businesses and job creation.[7] Yet the federal government relies on estate tax revenue to fund various programs and therefore would not want to reduce a lucrative revenue source. Without the estate tax, other revenue sources would have to foot the bill for these programs and potentially face cuts in the benefits and services provided. For the estate tax exclusion to remain at the higher amount beyond 2025, Congress will need to take action.

Why the Estate Tax Exemption May Revert Back

The TCJA was part of a short-term tax cut package. Lawmakers had to make room in the budget for the tax cuts introduced by the legislation.[8] They did this by temporarily increasing the estate tax exemption.

Reverting to a lower exemption amount is believed to generate more revenue by increasing the number of people who pay the tax and increasing estate tax exposure to those with net wealth above the current exemption amount. Estate tax revenues are projected to increase sharply after 2025, when the exemption amount is scheduled to drop.

Why You Might Have an Estate Tax Issue Soon

From 2021–2031, the combined estate and gift tax revenues are projected to total $372 billion.[9]

Preparing for Potential Estate Tax Changes

As we move through 2024, it is crucial to review estate planning goals and strategies that may be affected by potential changes in the federal estate tax exemption law. By working together with your other trusted advisors, we can reevaluate your current estate plan, investments, and property to ensure that you are protected and your financial legacy is preserved.

[1] Understanding Federal Estate and Gift Taxes, Cong. Budget Off., https://www.cbo.gov/publication/57272 (last visited Jan. 2, 2024).
[2] Darien B. Jacobsen et al., The Estate Tax: Ninety Years and Counting, SOI Bull. 124, https://www.irs.gov/pub/irs-soi/ninetyestate.pdf (last visited Jan. 2, 2024).
[3] Id.
[4] Mark Luscombe, Historical Look at Estate and Gift Tax Rates, Wolters Kluwer (Mar. 9, 2022), https://www.wolterskluwer.com/en/expert-insights/whole-ball-of-tax-historical-estate-and-gift-tax-rates.
[5] Tax Cuts and Jobs Act (TCJA), Tax Found., https://taxfoundation.org/taxedu/glossary/tax-cuts-and-jobs-act (last visited Jan. 2, 2024).
[6] Understanding Federal Estate and Gift Taxes, supra note 1.
[7] Id.
[8] How Did the Tax Cuts and Jobs Act Change Personal Taxes?, Tax Pol'y Ctr., https://www.taxpolicycenter.org/briefing-book/how-did-tax-cuts-and-jobs-act-change-personal-taxes (last visited Jan. 2, 2024).
[9] Understanding Federal Estate and Gift Taxes, supra note 1.

Roasted Tomato Soup Recipe (the kitchn)

Ingredients

- 2 pounds ripe tomatoes, such as Roma or cherry or a combination
- 1 medium red bell pepper
- 1/2 medium yellow onion
- 1 head garlic
- 1/4 cup plus 2 tablespoons olive oil, divided, plus more for drizzling
- 1 1/2 teaspoons kosher salt, divided, plus more as needed
- 1/2 teaspoon freshly ground black pepper, plus more for serving
- 1/2 teaspoon granulated sugar
- 2 sprigs fresh rosemary
- 3 tablespoons tomato paste
- 2 cups low-sodium vegetable broth, plus more as needed

Credit: Photo: Alex Lepe ; Food Stylist: James Park

Directions

1. Arrange a rack in the middle of the oven and heat the oven to 375°F. Line a rimmed baking sheet with parchment paper.
2. Prepare the following, placing each on the baking sheet as you complete it: Trim and cut 2 pounds ripe tomatoes (skip cutting if using grape or cherry tomatoes) and 1 medium red bell pepper into rough 1-inch chunks. Thinly slice 1/2 medium yellow onion. Cut 1 head garlic in half crosswise, exposing the cloves.
3. Drizzle with 1/4 cup olive oil. Sprinkle with 1 teaspoon of the kosher salt, 1/2 teaspoon black pepper, and 1/2 teaspoon granulated sugar. Toss together with your hands until evenly coated. Arrange into an even layer with the garlic cut-side down. Top with 2 fresh rosemary sprigs.
4. Roast until the tomatoes are softened or the small tomatoes burst open, 55 minutes to 1 hour. Let cool slightly until cool enough to handle the garlic, about 5 minutes.
5. Squeeze the garlic cloves out of the garlic head onto the baking sheet and discard the peels. Pick the leaves from the rosemary and place on the roasted vegetable mixture; discard the stems.
6. Heat 2 tablespoons olive oil in a large, heavy-bottomed pot or Dutch oven over medium heat until shimmering. Add 3 tablespoons tomato paste and cook, stirring constantly, until it darkens slightly in color, about 2 minutes. Add the roasted tomato mixture, including any juices on the baking sheet. Cook until the tomato paste is fully mixed into the tomato mixture, 2 to 3 minutes.
7. Add 2 cups low-sodium vegetable broth and season with the remaining 1/2 teaspoon kosher salt. Bring to a boil. Reduce the heat as needed and let simmer for 5 minutes to let the flavors meld.
8. Turn off the heat. Blend directly in the pot with an immersion blender until smooth, or transfer in two batches to a stand blender and blend until smooth. If the soup is too thick, add more broth a little at a time as needed to thin it out.
9. Taste and season with more kosher salt as needed. Serve topped with freshly cracked black pepper, a drizzle of olive oil, and a few torn fresh basil leaves if desired.