

March 3, 2023

What to Do Now: Estate and Gift Planning in 2023

Kirk Ross, JD, MA

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Estate and Gift Planning in 2023**

Hawai'i Community Foundation

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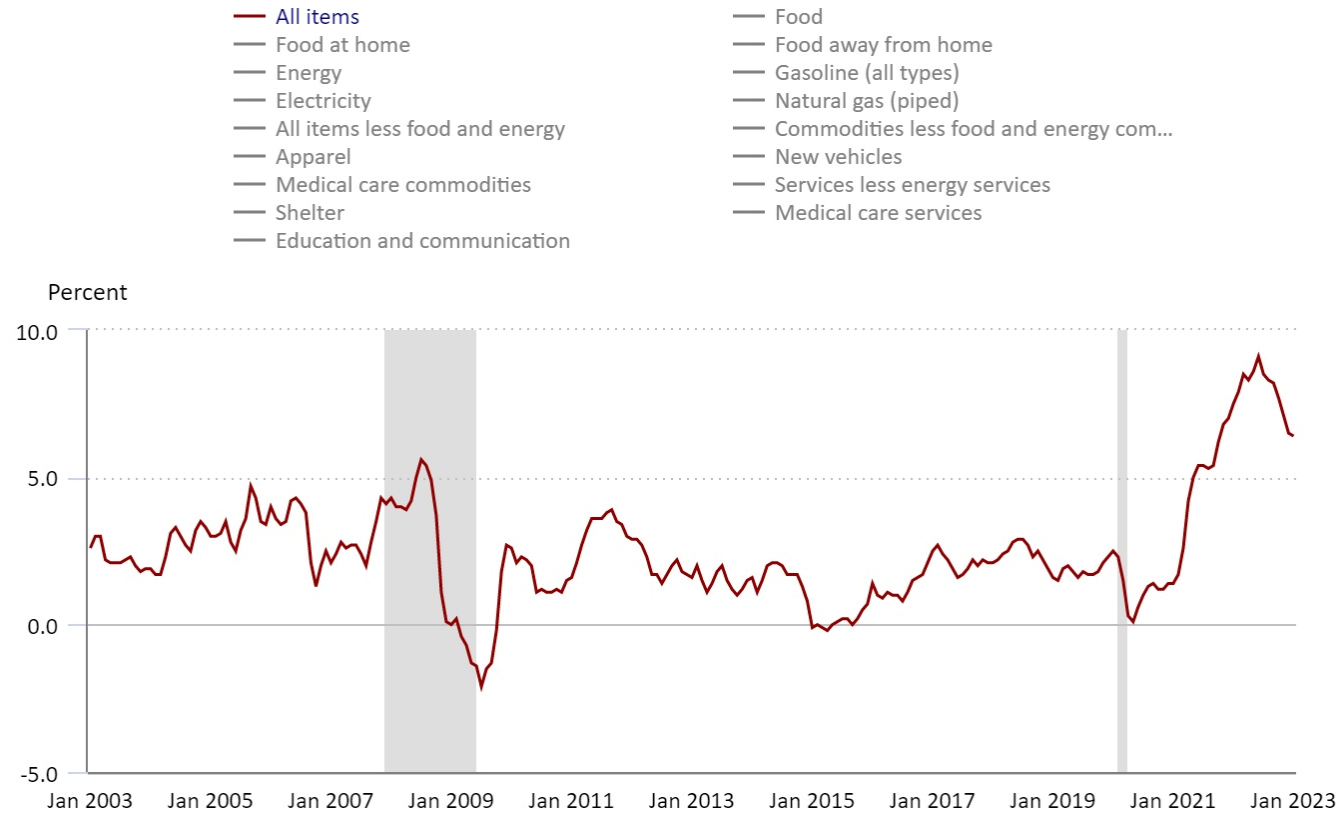
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Economic Environment: Inflation



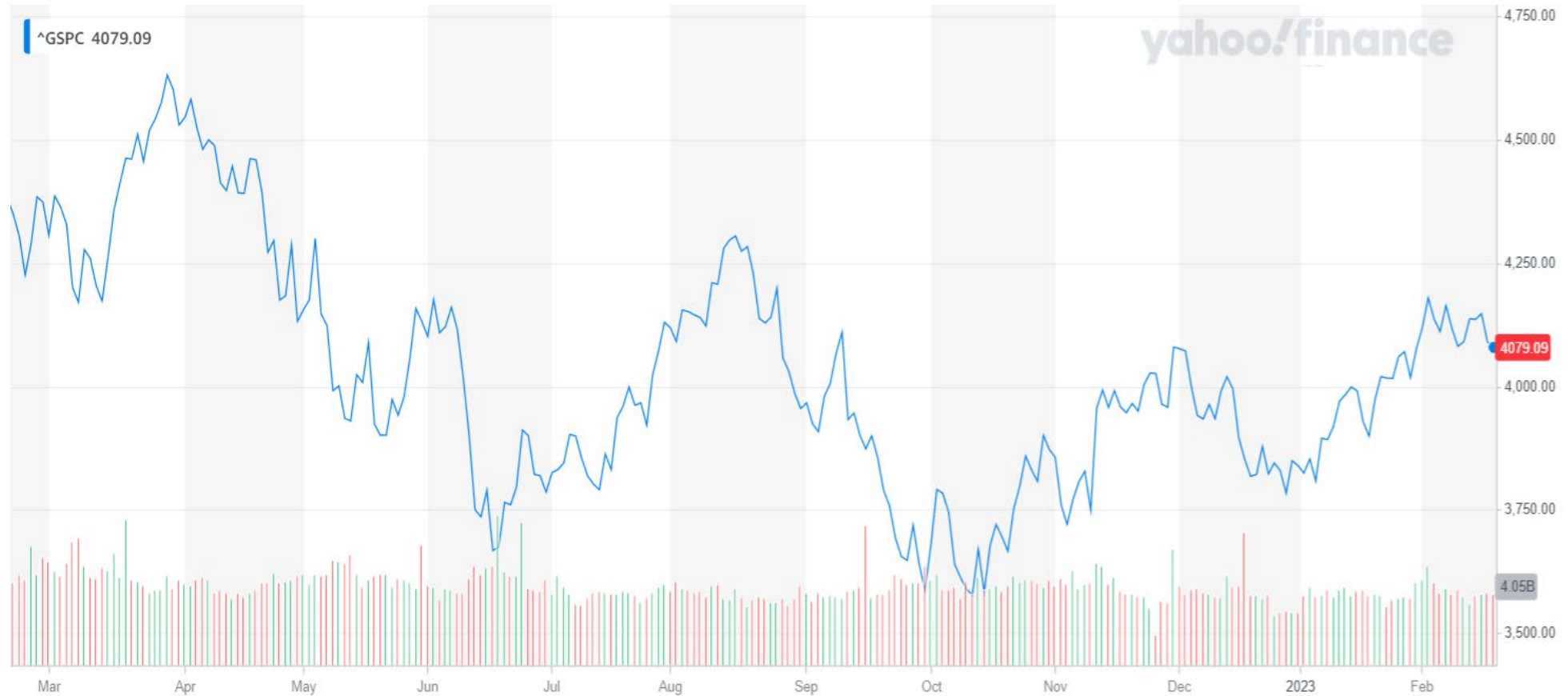
12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.



Economic Environment: Stock Market



Economic Environment: Estate Tax



Year	Exemption	Top Rate	Port?		Year	Exemption	Top Rate	Port?
2001	\$675,000	55.0%	N		2014	\$5,340,000	39.6%	Y
2002	\$1,000,000	50.0%	N		2015	\$5,430,000	39.6%	Y
2003	\$1,000,000	49.0%	N		2016	\$5,450,000	39.6%	Y
2004	\$1,500,000	48.0%	N		2017	\$5,490,000	39.6%	Y
2005	\$1,500,000	47.0%	N		2018	\$11,180,000	37.0%	Y
2006	\$2,000,000	46.0%	N		2019	\$11,400,000	37.0%	Y
2007	\$2,000,000	45.0%	N		2020	\$11,580,000	40.0%	Y
2008	\$2,000,000	45.0%	N		2021	\$11,700,000	40.0%	Y
2009	\$3,500,000	45.0%	N		2022	\$12,060,000	40.0%	Y
2010	\$0 or \$5M	0% or 35%	N		2023	\$12,920,000	40.0%	Y
2011	\$5,000,000	35.0%	Y		2024	TBD	40.0%	Y
2012	\$5,120,000	35.0%	Y		2025	TBD	40.0%	Y
2013	\$5,250,000	39.6%	Y		2026	\$6,500,000?	45.0%	Y

Economic Environment: SECURE Act 2.0

Some Highlights

- RMD age raised from 72 to **73** or **75**
 - But no change to QCD age
- Roth changes
 - Elimination of RMDs in employer plans (2024)
 - Creation of Roth SIMPLE and SEP accounts
- 529-to-Roth IRA Transfers
 - Plenty of details
- New surviving spouse option
 - Election to be treated as the decedent
- IRA catch-up contributions indexed for inflation
- QCD changes
 - Maximum annual amount (\$100K) indexed for inflation
 - One-time \$50K can fund a **new** CRT or CGA

Economic Environment: SECURE Act 2.0

Some More Highlights

- New exceptions for early distributions without penalty
- Distributions for Long-Term Care Insurance Premiums
 - Lesser of 10% of vested balance or \$2,500 (adjusted for inflation)
- Creation of Linked Emergency Savings Accounts
 - Must be linked to retirement plan accounts
 - Maximum contributions of \$2,500 (at any one time)
 - Highly-compensated employees are not eligible
- Reduced penalties for RMD shortfall
 - Reduced from 50% to 25% / reduced to 10% if timely rectified
- SOL for missed RMDs clarified (and shortened)
 - 3 years from filing of relevant 1040

Opportunities: Estate & Gift Tax



(1) Disclaimer Trusts

(2) Utilize Exemption Now

(3) Long-Duration Trusts

Opportunities: Insurance



- (1) Long-Term Care**
- (2) Disability Income**
- (3) Umbrella Insurance**

Opportunities: Charitable Giving



- (1) Charitable Remainder Trust**
- (2) Charitable Gift Annuity**
 - a. Be Flexible!**

Mahalo!

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Questions?

Mahalo nui loa!