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Let us make sure your plans are still on target.



ESTATE AND TAX PLANNING UPDATE

We understand that you may be concerned about the impact the pandemic has had on yourself and your loved ones, from both a health and financial perspective. Estate planning touches on both of these concerns. Now may be an appropriate time for you to review your estate plan to be sure that it reflects your current needs and wishes. In addition, the financial downturn may provide a unique opportunity for you to consider initiating gifting and business succession planning. Lastly, the CARES Act provides several income tax planning opportunities exclusive to the 2020 tax year, two of which may result in significant income tax savings for retired taxpayers and those considering substantial charitable contributions. This update will highlight these planning opportunities.

Relevant Changes in Law. The new Illinois Trust Code, which significantly revised Illinois trust law, and the federal SECURE Act, which impacts retirement plan contribution and withdrawal rules, both went into effect January 1 of this year. These new laws may impact your estate plan even if nothing else has changed for you.

Succession Planning for Closely Held Businesses. The impact COVID-19 has had on some businesses, especially closely-held business, is devastating. However, if you believe that your business will survive, it may be advantageous to look at business succession planning techniques that you may not have considered before. Gifting or selling an interest in a business to the younger generation may be more attractive with presumably reduced valuations.

Retirement Plans- No RMD. For 2020 only, no required minimum distribution needs to be taken from retirement ac-

counts subject to minimum distribution rules, such as IRA, 401(k), 403(b) and other qualified plan accounts (other than defined benefit plans, such as employer-sponsored pension plans). If you are in RMD status, you may still make qualified charitable contributions from your retirement accounts.

Retirement Plans – Roth Conversions. If your estate includes significant retirement plans passing to children and other non-charitable beneficiaries, consider a Roth conversion. The presumably reduced valuation of retirement accounts, and lower tax rates which may soon be a thing of the past, may make this an opportune time for conversions.

Expanded Charitable Deduction. For 2020 only, you may deduct up to 100% of your adjusted gross income for cash donations to public charities. Contributions to donor advised funds and private foundations, and contributions of capital gain assets to charities, are not included in this relief and remain subject to the existing limits.

Advantages of an Estate Plan. Finally, for those who have not yet put an estate plan in place, or for friends or relatives of our clients who may need an estate plan, consider the advantages of having an appropriate plan.

- If you are hospitalized, having a power of attorney for health care and property will enable your loved ones to make health care decisions for you and handle your financial affairs. Without these documents, your wishes may not be honored, and your family may be forced to go to court to seek authorization to make health care and financial decisions for you.

- In case of death, a will and trust will provide for disposition of your assets according to your wishes. A fully funded trust will avoid the expense and hassle of going to court to carry out your wishes. (Under our current shelter-in-place order, the probate courts are closed other than for emergency situations. That means that executors cannot even be appointed for clients who have died without funded trusts during this period. The deceased person's assets then are frozen until the courts re-open, and then there will be a significant backlog of estate cases. That is another reason to avoid the courts!) Creating a comprehensive estate plan that reflects your intentions gives you and your loved ones peace of mind.

The attorneys and staff of Hoogendoorn and Talbot LLP are here for you and are committed to serving your needs during this difficult time. Our attorneys are available via phone and email, and we are happy to schedule a Zoom or other video meeting to discuss your needs in person. And, with the Governor's executive order allowing video witnessing and notarization during this time, you are able to sign documents while you remain safely at home. We look forward to helping you in any way we can.