MERCER COUNTY ESTATE PLANNING COUNCIL

HIGHLIGHTS FROM HECKERLING – IT’S BEEN A VERY BUSY YEAR

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The 53rd Annual Heckerling Institute on Estate Planning was chocked full of the usual goodies, but the advent of the Tax Cuts and Jobs Act of 2017 brought a bevy of new topics and discussions which render our ever-changing world of estate planning more challenging.

Here are some of the key points from the Institute we will attempt to address as time will permit.

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It’s all about the Basis – Drafting, unwinding and planning to cause inclusion of assets in estates under the ever-increasing Applicable Exclusion Amount.

Sections 199A - The Final Regulations have arrived – Section 199A is to many the focal point of the 2017 Act. The Final Regulations – 247 pages worth - were issued 2 hours after Heckerling concluded - but not too late to address here!!

The Multiple Trust Regulations – People talked about using multiple trusts for income tax savings and the Treasury reacted. The ground rules have been established.

Planning with the “bumped up” Basic Exclusion Amount – Living in a temporary $11,400,000 Exemption Amount World - The Do’s, Don’ts and the Anti-Clawback Ruling.

The End of the Excess Deduction on Termination – or will Notice 2018-61 come to the rescue?? The IRS thought process and the potential common sense (editorial comment) solution.

Powell vs. Commissioner – Your existing family partnership plans are in implosion mode – cures for those who need them and a potential weapon for those who do not.

Economic Opportunity Zones – It’s a Brand New Ballgame - Section 1400Z (that’s not a typo) provides capital gain deferral and minimization in a brand new format which clients may prefer to more rigid deferrals or where other deferrals are not available.

Choice of Entity – It Ain’t as Easy as Before – Once upon a time – like 2017 – pass-through entities were the clear choice for most businesses. With a 21% rate and Section 1202 relief, C Corporations may be on the rise – but beware the pitfalls and the conversion issues.

State Income Taxation of Trusts – Traps for the Unwary – Recent case law highlights how certain trusts are paying State income taxes and should not while others are subject to State income taxes that can easily be avoided – and now the Supreme Court is getting involved!!

Divorce and the 2017 Tax Act – Brand New Rules, Same Old Clients – The tax treatment of alimony has changed, but that will not decrease the divorce rate. Premarital Agreements – past and future – require different thinking – as do divorce settlements.

Mariano Rivera – No Better Choice for a Unanimous Vote – The Baseball Hall of Fame finally has a unanimous inductee – and they rightfully select the greatest of all time at his position, the last baseball player to ever wear number 42. NFL officiating on the other hand ……………I’m glad I’m not a Saints fan!!