

EXPERT CONTRIBUTOR | By Rich Groff II, CFP



If The New Death Taxes Don't Motivate You To Plan Ahead Then Nothing Will

Today the estate (or death) tax has an exemption amount of \$11.7 million per individual or \$23.7 as a married couple.

This means that if a spouse passed away this year, such person would not have to pay an estate tax so long as their estate value was below \$23.7 million. If the value of your estate exceeds that, the IRS imposes a 40% tax on every penny that exceeds that exemption amount.

This exemption amount is the largest we have historically seen. Part of the law enacted to allow such a high exemption amount required that this exemption decrease back down to \$5 million per individual by January 1, 2026. In addition to this decrease by 2026, the President

and active political leaders have all recently proposed reducing the estate tax exemption to as low as \$3.5 million as reported by both the NY Times and Forbes, or as low as \$1 million as reported by the Wall Street Journal by 2022.

Essentially, every dollar over the exemption amount at your death will incur a 40% tax (or greater if it's increased through legislation). My team recently met with a client of mine in which their (husband & wife) estate was valued at \$42.4 million, which included the death benefit of their life insurance policies (death benefit dollars are included in your estate value because it's estate tax inclusive and will be taxed). If they did no advanced planning, their estate tax owed

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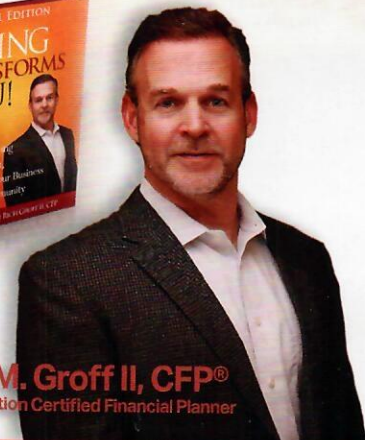
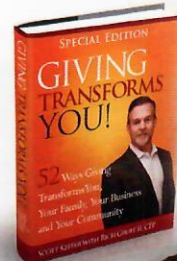


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would have been as low as \$7.48 million or as high as \$19.45 million. These amounts would directly be paid to the IRS and not benefit their three children.

Thankfully, legislation has been consistent with grandfathering in planning that you do prior to any legislative changes. Therefore, planning over the next 5 months is crucial if you want to preserve and protect your estate to your loved ones rather than to the IRS! Death

taxes are optional for those who take the steps and invest the time and a very small fraction of the estate tax cost to do something about it. Unfortunately, death taxes are mandatory for those that do not plan ahead. I look forward to hearing from you soon so we can make a timely difference as we did with our Texas & Maryland clients.

Rich Groff II, CFP is a 3rd Generation Certified Financial Planner and resident of over 4 years on Flathead Lake with offices on the lake in Polson (across from Pure West Realty), and in Peoria, AZ, serving wealthy clients throughout the country since 1989. Refer to www.RichGroff.com for more information. He offers qualified inquiries an initial 30-minute strategy conversation at \$500 an hour (A 50% reduction will apply first 30 minutes or \$125 if respond by 9/15/2021) and then will outline within a consulting agreement those areas most important to you before a retainer fee is accepted. Unlike an attorney, he guarantees a value of at least 10-fold in the first year alone! Any questions can be directed to him Rich@TheMoneyMD.com or call 1-888-858-4996 and coordinate a mutually convenient time with his assistant, Kathy Webber. Please note Rich is not an attorney and therefore doesn't provide legal advice nor should this article be interpreted as him providing legal advice. His team consists of estate & tax focused attorneys specializing with estate preservation strategies for clients throughout the United States and therefore they aren't limited to MT residents only.



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