

# TWO THINGS CERTAIN®

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## **Is Estate Planning still relevant in the wake of the American Taxpayer Relief Act (ATRA)?**

*By Jeremy C. Johnson*

You could almost hear the roar of questions coming as soon as the American Taxpayer Relief Act (ATRA) was passed. We braced for the impact. However, the reality of ATRA is much less uneventful than anticipated. The most frequent question asked, post-ATRA, remains, "is Estate Planning still relevant in the wake of ATRA?" The simple answer is a resounding, "Yes!"

### **Probate Avoidance**

The Federal Government's actions through ATRA did not provide us with any means to avoid the Probate system. Proper Estate Planning can shield your family from the ravages of the probate process; including, but not limited to its expense, time delays and public disclosures.

### **Disability Planning**

ATRA has not given us any solutions for disability planning. If you or a family member becomes physically and/or cognitively incapacitated, do not turn to ATRA for a solution, as you will be disappointed. Any responsible Estate Plan should provide a system by which you legally appoint, authorize and instruct a person of your choosing to take care of you and your affairs during a disability event.

### **Responsible Asset Distribution**

ATRA also does not provide any means by which your assets may be held and responsibly administered and distributed to your beneficiaries. Do you have minor children and/or grandchildren that should be protected from their own financial immaturity? Do you wish to prevent your adult children from losing the inheritance you provide to them to a divorce or lawsuit? Do you want to take care of your surviving spouse, but want to be certain that if he/she remarries after your death that your assets don't go to his/her new spouse? Effective Estate Planning, not ATRA, will provide the solution for all of these issues.

### **But what about Estate Taxes?**

ATRA currently sets the Federal Estate Tax Exemption to \$5,250,000 per person! Great, we don't have to worry about this anymore, right? WRONG! No Congress can permanently bind any future Congress. There are many political and social issues competing for attention, funding and agenda control. Sequestration, debt ceiling, basic government operational funding and gun control are just a few of the horses that may be traded in the upcoming political volatility. Also, it is clear from the content of both

the President's Inauguration Address and his State of the Union Address that the tax issue is still on the table. With all of these moving parts, we are not very comfortable with the current Federal Estate Tax Exemption, for the long-term.

**Estate Planning remains both Relevant and Your Responsibility!**

ATRA has not provided us with any substitute for proper, responsible and effective Estate Planning. It remains critically important that you take action to protect and provide for your family.



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About the Author:

Jeremy Johnson is an experienced problem solver who helps individuals and businesses achieve and protect their goals of prosperity, stability and growth through appropriate planning. Jeremy takes great pride in making sure that his work for clients is always reliable, correct, and on time.

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