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TEXAS Law

The University of Texas at Austin
School of Law

PLANNING FOR CLIENTS WHO MIGHT HAVE A TAXABLE ESTATE

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1

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Estate planning is easy.

We just need to know
(i) when a client will pass away,
(ii) how wealthy the client will be, and
(iii) what the tax laws will be.

2

2

Overview

- Planning Impact of Transfer Tax Changes
- Three Groups of Clients Based on Projected Net Worth
- Core Estate Planning Alternatives
- Lifetime Gifting Strategies
- Related Ethical Issues
- Concluding Remarks

3

3

Putting Things in Perspective: 2000 vs. 2024

Tax Attribute	2000	2024
Gift/Estate Exemption	\$675,000	\$13,610,000
GST Tax Exemption	\$1,030,000	\$13,610,000
Maximum Tax Rate	55%	40%
Portability of Estate Exemption	No	Yes

4

4

New Planning Environment

- Large transfer tax exemptions, lower rates, and portability
- Shifting focus – minimize estate tax vs. income tax
- Uncertainty and fluidity of tax laws
 - Exemptions sunset in 2026
 - Potential legislation

5

5

Three Client Groups Based on Projected Net Worth

- 1) Clients who are *unlikely* to have a taxable estate
 - Focus on non-tax objectives
- 2) Clients who are *likely* to have a taxable estate
 - Business as usual
- 3) Clients who *might* have a taxable estate
 - Get creative

6

6

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Title search: Planning for Clients Who Might Have a Taxable Estate

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