



California Wills & Trusts

January 2018

(v.18.01)

Legal Developments

Increased Federal Tax Exemptions (effective January 1, 2018)

The Tax Cuts and Jobs Act of 2017 increased the Applicable Exclusion Amount and the GST Exemption Amount by doubling the basic amount from \$5,000,000 to \$10,000,000. After taking into account indexing for inflation under §1(f), the amount for 2018 is uncertain. In addition to changing the exclusions, Congress also changed the inflation calculations from using the traditional CPI to a Chained CPI, which all analysts agree lowers the impact of inflation adjustments. We expect the amount will be less than the easily computed \$11.2 million (doubling the basic amount with the traditional CPI) but more than \$10.46 million (calculated using fully retroactive Chained CPI). As a consequence, the Law & Strategy and Synopsis have been generalized by using “about \$11 million” as the reference number for the AEA and GST Exclusions.

Likewise, the Gift Tax Annual Exclusion Amount was scheduled to rise to \$15,000 (up from \$14,000) and would do so if the Chained CPI does not get applied retroactively. Assuming the Chained CPI will not be applied retroactively, the exclusion has been changed to \$15,000.

Updated Product Features

New “Actual Date of Trust” Question

This question is asked for documents which make reference to an already signed trust agreement, such as the Amended and Restated Trust, Amendment to Trust, Assignment, Notification by Trustees, Special Power of Attorney, Trustee’s Certification of Trust, Trustee Resignation, Trust Transfer Deed, and the Trust Funding and Mutual Fund letters. The “Date of Trust” *Question 999* is now only asked for the Revocable Trust. This also allowed us to reinstate the default answers for the “Date of Signing” questions which had been removed in version 17.03. *New Question 1000*

New Option Added to Adjust Gifts of Money for Inflation

A new question was added asking if the amount of a gift of money for an individual, charity or employee be adjusted for the effects of inflation. *New Question 148*

New Trust Transfer Deed SB2 Exemption

Effective January 1, 2018, [California Senate Bill No.2](#) enacts the Building Homes and Jobs Act which creates funding for affordable housing development. The bill imposes a \$75 recording fee on any real estate instrument, paper or notice except those expressly exempted. When an exemption is applicable, a valid declaration of exemption must be shown either on a cover page or on the face of the document which we added to the program. *New Questions 1108 and 1109*

Other - A new General Power of Appointment was added to the version 17.03 update but was inadvertently omitted from the update letter. There is no related question. The GPA is automatically added to the ALLOCATION AND DISPOSITION OF THE TRUST article for married individuals or couples because when someone files for divorce there is an automatic stay issued that prevents the amendment of a trust. However, there is no such prohibition on exercise of a GPA.

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To view those questions that are new in this update, or where **Law & Strategy**, choices, or default answers have changed, use the "**Up_1801**" flag file. From inside Lawgic, open any existing answer file; on the **Flags** menu, click **Open Flags**, select the appropriate Title (click **OK**), and next select the "**Up_1801**" flag file (and click **OK**). To view all flagged questions, click **Expand All** on the **Answers** menu and scroll the Navigator. Flagged questions will be indicated with **blue bold** text.

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