



## **Florida Wills & Trusts**

### **January 2018**

(v.18.01)

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### **Legal Developments**

#### **Increased Federal Tax Exemptions (effective January 1, 2018)**

The Tax Cuts and Jobs Act of 2017 doubled the Applicable Exclusion Amount and the GST Exemption Amount by increasing the statutory 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...we don't know. 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 (by doubling what it would have been absent TCJA) but more than \$10.46 million that fully retroactive Chained CPI calculations would generate. Some experts have posited \$11.18 million as the correct number, but confirmation must come from the IRS. 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. This should be close enough for most clients, for whom these concepts are inherently fuzzy anyway.

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 this is not the case, we stated that number as \$15,000 with more confidence. We shall see.

### **Other Features**

Given the recent update to *Florida Wills & Trusts*, little is left to include, except for some minor corrections in formatting and elimination of a few stray words that found their way over from the Joint Trust. Please let us know if you have suggestions or corrections for us.

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