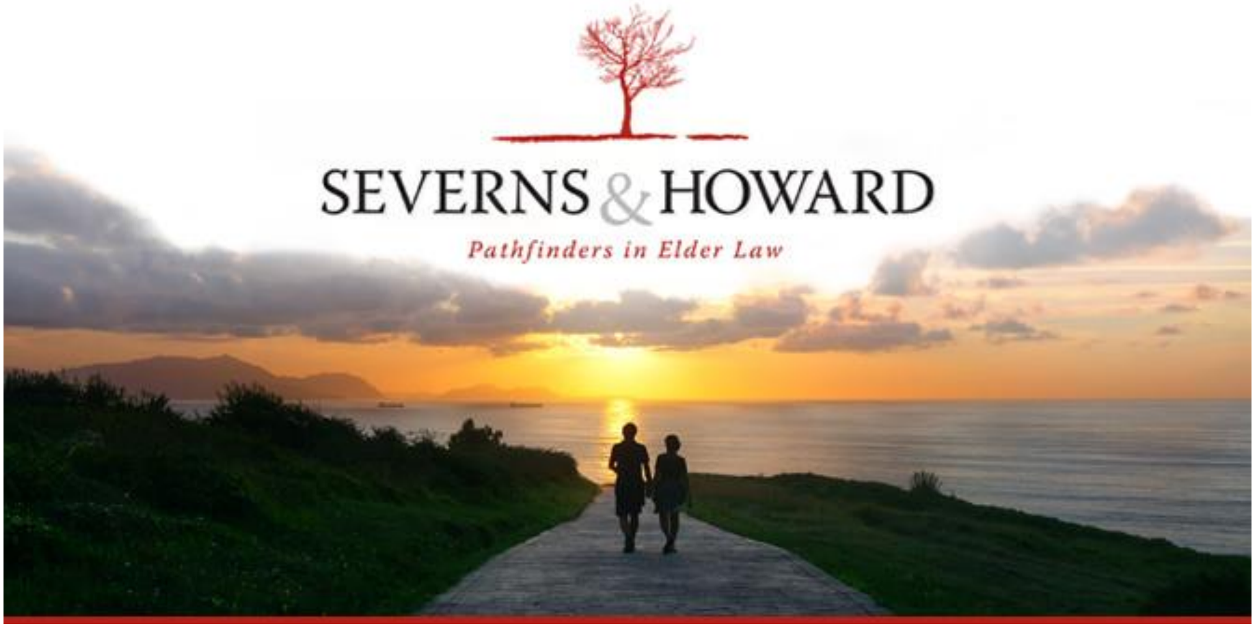

SEVERNS & HOWARD FIRM NEWS:

Partner Anna Howard will be presenting a seminar on Power of Attorneys and Healthcare Power of Attorney Declarations throughout the month of May. These speaking engagements are in conjunction with Community Health Network and will be held at several different Community Health locations in the Indianapolis area. Anna's presentation will outline choosing your agent, when a power of attorney is in effect and when it should be used, what the powers and duties of the designated agent are, and how this document is helpful for you and your loved ones. To hear Anna Howard speak, please see our Upcoming Events Section below for dates, times, and locations.

IN THE MONTH OF APRIL:

"April hath put a spirit of youth in everything." ~ William Shakespeare

April is:

Medicaid Awareness Month

Stress Awareness Month

Lawn and Garden Month

Records and Information Management Month

On this Day in April:

April 7 National Beer Day

April 10 Golfer's Day

April 13 International Plant Appreciation Day

April 16 National Stress Awareness Day

April 21 Husband Appreciation Day

April 22 Earth Day

April 25 Administrative Professionals Day

April 27 Arbor Day

Partner, Anna Howard, in conjunction with Community Health Network will be giving a series of lectures regarding Power of Attorneys and Healthcare Power of Attorney Declarations at the following locations throughout the month of May:

- May 10th at 3:00 p.m. at the Community South Education Center located at 1402 County Line Rd, Indianapolis, IN 46227.
- May 17th at 3:00 p.m. at the Community Heart and Vascular Hospital Conference Room, located at 8075 Shadeland Ave # 200, Indianapolis, IN 46250
- May 22nd at 10 a.m. at the Speedway Community Health Pavilion, located at 1011 N Main St, Speedway, IN 46224
- May 30th at 10 a.m. at the Washington Community Health Pavilion Community Room, located at 7910 E Washington St, Indianapolis, IN 46219

May 12th – Partner Anna Howard will be presenting at the IU Health Presents: Huntington's Disease Education Day https://www.facebook.com/events/2034351533468165/

June 11th – Rock Steady Boxing 5th Annual Charity Golf Outing. Fighting Back Against Parkinson's. Event starts at 10:00 a.m. with check-in at 8:30 a.m. Lunch is included! Don't miss your opportunity to participate in this special fundraiser for Rock Steady Boxing. Sponsorship Opportunities are now available! For more information and to register please visit their website at https://www.rocksteadyboxing.org/5th-annual-charity-golf-outing-june-11-2018/.

June 15-16th - The National Alliance on Mental Illness (NAMI) Greater Indianapolis Chapter will be holding their Charity Antiques Market fundraiser. This fundraiser helps to support the services provided by NAMI. The Market will be open at the Basile Opera House, 4011 N. Pennsylvania Avenue, Indianapolis, Indiana Friday June 15th from 10 a.m. – 6 p.m. and Saturday June 16th from 10 a.m. - 5 p.m. Admission is $10. Associate Attorney Jacqueline Jaques currently sits on the Board of Directors of NAMI and thanks you for your support!

Choosing Retirement Account Beneficiaries

While the execution of wills requires formalities like witnesses and a notary, the reality is that most property passes to heirs through other, less formal means. Many bank and investments accounts, as well as real estate, have joint owners who take ownership automatically at the death of the primary owner. Other banks and investment companies offer payable on death (POD or TOD) accounts that permit owners to name the person or people who will receive them when the owners die. Life insurance, of course, permits the owner to name beneficiaries.

All of these types of ownership and beneficiary designations permit these accounts and types of property to avoid probate, meaning that they will not be governed by the terms of a will. When taking advantage of these simplified procedures, owners need to be sure that the decisions they make are consistent with their overall estate planning. It's also important to review beneficiary designations every few years to make sure that they are still correct. If not reviewed, an outdated beneficiary designation could thoroughly undermine an estate plan and leave a legacy of resentment that most people would prefer to avoid.

These concerns are heightened when dealing with retirement plans, whether IRAs, SEPs or 401(k) plans, because the choice of beneficiary can have significant tax implications. These types of retirement plans benefit from deferred taxation in that the income deposited into them as well as the earnings on the investments are not taxed until the funds are withdrawn. In addition, owners may withdraw funds based more or less on their life expectancy, so the younger the owner the smaller the annual required distribution.

Following are some of the rules and concerns when designating retirement account beneficiaries:

- **Name your spouse, usually.** Surviving husbands and wives may roll over retirement plans inherited from their spouses into their own plans. This means that they can defer withdrawals until after they reach age 70 1/2 and take minimum distributions based on their age. Non-spouses of retirement plans must begin taking distributions immediately, but they can base them on their own presumably younger ages.
- **But not always**. There are a few reasons you might not want to name your spouse, including the following:
  - He or she is incapacitated and can't manage the account

    - Doing so would add to his or her taxable estate
    - You are in a second marriage and want the investments to benefit your first family
    - Your children need the money more than your spouse
- **Consider a trust.** In a number of the above circumstances, a trust can solve the problem, providing for management in the case of an incapacitated spouse, permitting assets to benefit a surviving spouse while being preserved for the next generation, and providing estate tax planning opportunities. Those in first marriages may want to name their spouse as the primary beneficiary and a trust as the secondary, or contingent, beneficiary. This permits the surviving spouse, or spouse's agent if the spouse is incapacitated, to refuse some or all of the inheritance through a "disclaimer" so it will pass to the trust. Known as "post mortem" estate planning, this approach permits flexibility to respond to "facts on the ground" after the death of the first spouse.
- **But check the trust.** Most trusts are not designed to accept retirement fund assets. If they are missing key provisions, they might not be treated as "designated beneficiaries" for retirement plan purposes. In such cases, rather than being able to stretch out distributions during the beneficiary's lifetime, the IRA or 401(k) will have to be liquidated within five years of the decedent's death, resulting in accelerated taxation.
- **Be careful with charities.** While there are some tax benefits to naming charities as beneficiaries of retirement plans, if a charity is a partial beneficiary of an account or of a trust, the other beneficiaries may not be able to stretch the distributions during their life expectancies and will have to withdraw the funds and pay the taxes within five years of the owner's death. One solution is to dedicate some retirement plans exclusively to charities and others to family members.
- **Consider special needs planning.** It can be unfortunate if retirement plans pass to individuals with special needs who cannot manage the accounts or who may lose vital public benefits as a result of receiving the funds. This can be resolved by naming a special needs trust as the beneficiary of the funds, although this gets a bit more complicated than most trusts designed to receive retirement funds. Another alternative is not to name the individual with special needs or his trust as beneficiary, but to make up the difference with other assets of the estate or through life insurance.
- **Keep copies of your beneficiary designation forms.** Don't count on your retirement plan administrator to maintain records of your beneficiary designations, especially if the plan is connected with a company you worked for in the past, which may or may not still exist upon your death. Keep copies of all of your forms and provide your estate planning attorney with a copy to keep with your estate plan.
- **But name beneficiaries!** The biggest mistake many people make is not to name beneficiaries at all, or they end up in this position by not updating their plan after the originally-named beneficiary passes away. This means that the plan will have to go through probate at some expense and delay and that the funds will have to be withdrawn and taxes paid within five years of the owner’s death.

In short, while wills are important, in large part because they name a personal representative to take charge of your estate and they name guardians for minor children, they are only a small part of the picture. A comprehensive plan needs to include consideration of beneficiary designations, especially those for retirement plans.

The attorneys at Severns & Howard, P.C. can help review your estate plan and beneficiary designations to ensure that all of your assets are distributed per your wishes and that they are align with each other. We work closely with you to ensure that your estate plan documents meet all of your current and long term care needs, as well as assist you in completing any necessary beneficiary change forms to ensure that all assets pass as you wish. Call our office today to reserve a time for a FREE thirty minute telephone call with our Intake Paralegal Alesha who will schedule your initial consultation with one of our attorney’s. If you are a returning client, we are honored that you have decided to returned to Severns & Howard and are offering an initial consultation for review of your documents at a reduced rate as a thank you.

How Will the New Tax Laws Affect You?

While most of the new tax law – the Tax Cuts and Jobs Act – has to do with reducing the corporate tax rate from 35 percent to 21 percent, some provisions relate to individual taxpayers. Before we get into the details, be aware that almost everything listed below sunsets after 2025, with the tax structure reverting to its current form in 2026 unless Congress acts between now and then. The corporate tax rate cut, however, does not sunset. Here are the highlights for our readership:

- **Tax Rates.** These are slightly reduced and the brackets adjusted, with the top bracket dropping from 39.6 percent to 37 percent.
- **Standard Deduction and Personal Exemption.** The standard deduction increases to $12,000 for individuals, $18,000 for heads of household and $24,000 for joint filers, all adjusted for inflation. Personal exemptions largely disappear.
- **State and Local Tax Deduction.** Now referred to as "SALT," this is now subject to a cap of $10,000,
- **Home Mortgage Interest Deduction.** The limit on deducting interest on up to $1 million of mortgage interest stays in effect for existing mortgages. New mortgages taken on after December 15, 2017, are subject to a $750,000 limit. The deduction for interest on home equity loans disappears.
- **Medical Expense Deduction.** After much outcry in response to the House version of the tax bill, which would have eliminated the medical expense deduction, it survived. And, in fact, it was enhanced by permitting medical expenses in excess of 7.5 percent of adjusted gross income to be deducted in 2017 and 2018, after which it reverts to the 10 percent under existing law.
- **Long Term Care Premiums.** IRS increased the amount taxpayers can deduct from their 2018 income as a result of buying long-term care insurance. Premiums for "qualified" long-term care insurance policies are tax deductible to the extent that they, along with other unreimbursed medical expenses, exceed 10 percent of the insured's adjusted gross income. However there are limits on how large of a premium can be deducted, depending on the age of the taxpayer at the end of the year.
- **529 Plans.** These accounts permitting tax-free accumulation of capital gains and dividends to pay college expenses can now be used for private school tuition of up to $10,000 a year.

More Knowledge for Your Noggin:

General Information Links:

Senior Centers in Indianapolis: http://www.seniorcitizensguide.com/indy/listings/seniorcenters.htm

American Heart Association: http://www.heart.org/HEARTORG/

Indiana Chapter of the Alzheimer's Association: http://www.alz.org/indiana/

Parkinson's Awareness Association of Central Indiana (PAACI) http://www.paaci.org/

Huntington's Disease Society of America (HDSA) http://indiana.hdsa.org/

Rock Steady Boxing https://www.rocksteadyboxing.org/

National Alliance for Mental Illness: https://sites.google.com/site/namiindianapolis/home

American Seniors Association https://americanseniors.org/

Medicare https://www.medicare.gov/

AARP http://www.aarp.org/

Retirement Life Matters http://www.retirewow.com/

National Institute on Aging https://www.nia.nih.gov/health

National Alliance for Caregiving www.caregiving.org

Indianapolis Oasis Lifelong Adventure: https://www.oasisnet.org/Indianapolis-IN

The Shephard's Center of Hamilton County: http://shepherdscenterofhamiltoncounty.org/contact/

Articles of Interest:

Choosing Retirement Account Beneficiaries Requires some Thought

https://attorney.elderlawanswers.com/newsletter/actions/view-article-new/c/19522/id/8929

Can a Bank Charge for Documents Needed for a Medicaid Application?

https://www.elderlawanswers.com/can-a-bank-charge-for-documents-needed-for-a-medicaid-application-16628

Is Money Owed on a Loan an Asset for Medicaid Purposes?

https://www.elderlawanswers.com/is-money-owed-on-a-loan-an-asset-for-medicaid-purposes-16613

Seniors with High Unreimbursed Health Care Costs

https://www.aarp.org/ppi/info-2017/seniors-with-high-unreimbursed-health-care-costs.html

IRS Issues Long Term Care Premium Deductibility Limits for 2018

https://www.elderlawanswers.com/irs-issues-long-term-care-premium-deductibility-limits-for-2018-16401

10293 N Meridian St, Suite 150
Indianapolis, IN 46290

p 317.817.0300
f 317.817.0302

SEVERNS & HOWARD
Pathfinders in Elder Law