# Blase & Associates LLC

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## 2019 Client Newsletter

### *Long-Term Care Planning*

The demise of the corporate pension plan, teamed with our increased longevity, has created the perfect storm for a potential long-term care crisis in the not-too-distant future. This no doubt affects your estate planning, as the plans we have put into place for you and your loved ones could become moot if the wrong set of circumstances should arise. With the average cost of long-term care already exceeding $100,000 a year in many instances, annual long-term care costs of $250,000 or more can be anticipated for individuals who are currently in their 50s or 60s.

For the above reasons we decided to form a sister law firm, Long-Term Care Advisors, LLC ("LTC Advisors"), to assist clients in planning for their long-term care needs, *in an economical manner*. Although all aspects of long-term care planning are addressed at LTC Advisors, including so-called "elder care planning," a unique focus of the law firm is the manner in which it addresses, today, what will be the *typical* retired client of the future, one who has the vast majority of his or her assets invested in his or her 401K or IRA, and principal residence. A primary goal of LTC Advisors is to protect the client's 401K, IRA and home for the client's normal retirement needs and for his or her heirs, and avoid the forced liquidation of the home, 401K or IRA savings to pay for the client's long-term care needs.

Mr. Blase created his own such plan over a year ago, and shares this plan with the clients of Blase & Associates, LLC. He meets with his Blase & Associates clients, at no charge, to discuss his plan and to explore individualized long-term care planning for the clients. He also explains to firm clients the different types of insurance options which are available, to ensure that clients do not overpay for needed protections by not utilizing the most cost-efficient long-term care planning techniques available. See Jim's articles on ***Optimum Long-Term Care Planning*** and ***The True Cost of Long-Term Care Insurance***, where he discusses the considerations which he deemed relevant when he developed his own long-term care plan, in 2017.

**Please contact us at this link if you are interested in scheduling a complimentary appointment with Jim to discuss your long-term care needs. This offer is only available to existing clients of Blase & Associates, LLC.**

## *Rise in Federal Estate and Gift Tax Exemption*

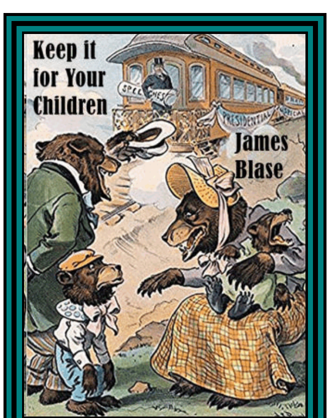

The major estate planning development over the past year has no doubt been the ***temporary*** increase in the federal estate and gift tax exemption level from approximately $5.5 million to approximately $11.4 million, effective through the year 2025. After 2025, the exemption level will revert to approximately $6 million, absent an extension by Congress and the President.

For large estates of married couples (i.e., estates in excess of $10 million, including life insurance and retirement benefits), this means that it is important to roughly balance the size of the husband's and wife's independent estates. A couple with a total estate of $20 million, for example, would be wise to roughly equalize their estates with approximately $10 million each, so that if one spouse were to pass before 2026 but the other spouse lives until after 2025, the $10 million exemption level at the death of the first spouse would in effect be "grandfathered" through the use of a "bypass trust" which would be included as a part of the asset division plan. Individuals and couples with large net worths should also consider making large gifts before 2026, for the same "grandfathering" reason.

If the couple's net worth (including life insurance) is smaller, but nevertheless likely to be in excess of $5 million at anytime after the year 2025, it will normally be recommended that the couple either divide its assets between the husband and wife in a similar fashion, or at least ensure that any significant life insurance is held in a "bypass trust" for the survivor, rather than distributed to the survivor outright. Before dividing assets titled in joint names between the spouses, however (including divisions made in the past), care should be taken to insulate the divided assets from lawsuits. In Missouri, this is accomplished by ensuring the couple's revocable trust is structured as a "Qualified Spousal Trust" under a Missouri law which was passed in 2014, which law has since been significantly improved and clarified, to become more usable.

There are many other aspects of the new tax laws which are addressed in Jim's recent book, ***Optimum Estate Planning***, a copy of which can be accessed here. Jim teaches the contents of his new book in his Masters in Taxation course at the Villanova University School of Law. With the larger estate tax exemption in place since 2013, the primary tax focus of Jim's course and of our law firm's estate planning has been on minimizing ***income*** taxes on the client's family.

**Please email us if you would like to schedule an update meeting.** For clients who are not members of a group legal plan, the cost of the update meeting is still a flat $150. [For members of a group legal plan, the cost of this update meeting is normally covered by the plan.] At this update meeting we not only discuss the new tax law aspects of your existing estate plan, but state law aspects as well. We also discuss anything which may be on your mind as a concern which may have developed since we last met. Finally, we have you prepare an updated single-sheet asset ownership form, so we can make sure your existing trust is properly funded.




Jim is also the author of a brand new, 383-page book, titled ***Keep it for Your Children: Theodore Roosevelt's 1903 Western Trip***, which Jim autographs and gives to clients at these update meetings, as a token of his appreciation for their business over the past 37 years.