HAPPY Anniversary

Vanessa Farmer

Vanessa celebrates 23 years with Jeffrey Burr. Vanessa started back in 1995, having recently moved from CA. Vanessa has worked in every department in the firm and has been Jeff's right hand for the past 8 years now. She is one of the best! Congrats, Vanessa, on 23 years!

Crystal Meyer

Crystal celebrates 10 years with Jeffrey Burr. Crystal started with the firm back in 2008, bringing over 7 years of estate planning experience to the firm. Crystal has grown to be one of the best EP paralegals our firm has to offer. Congrats, Crystal, on 10 years!

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CLIENT FOCUS

SURVEY {FAMILY DRAMA CAUSES ESTATE ISSUES

Families face a variety of estate planning challenges, and family drama may be chief among them. In fact, 44 percent of planning professionals say family conflict is the biggest threat to estate planning this year, followed by tax reform (25 percent) and market volatility (12 percent), according to a survey by TD Wealth.

Though conflict may make planning a challenge, a careful estate plan can reduce future family feuds. Take these steps to minimize tension after you're gone:

- Use an experienced estate planner to ensure you have the proper planning documents in place to outline your intentions and appoint a fiduciary.
- Hold frank conversations so everyone knows what to expect in the event of your death. Fewer surprises mean less discord.
- If you are giving unequal gifts, tell your heirs why and document your rationale in an estate planning letter.

Also, tax law changes in the Tax Cuts and Jobs Act could significantly impact your estate plans. For the sake of your legacy and future family harmony, families need to engage in cross-generational dialogue and financial planning.

CHECK WITHHOLDINGS TO AVOID COSTLY TAX SURPRISES

For most taxpayers, the Tax Cuts and Jobs Act (TCJA) reduced the overall tax burden. However, even though taxpayers will see an overall reduction in their taxes, many of them could still end up with a nasty tax bill at year end.

Following passage of the TCJA, the IRS released updated withholding tables to reflect the new law. As a result, many people saw their paychecks increase. But the withholding tables didn't take into account the wide range of individual circumstances affecting exemptions.

By having your employer withhold taxes from your paycheck, you spread out your tax liability and avoid underpayment penalties. You may have withheld the right amount in the past, but TCJA changes may have altered your situation. The IRS advises that families with complex tax situations may have their income taxes withheld incorrectly and may end up owing more.

MOST FAMILIES SHOULD DOUBLE CHECK

It's generally a good idea to review your withholding annually or when you have a significant life change. But these families should make a particular effort to review their withholdings:

- People living in high-tax states
- Two-income households
- Households with children
- People who itemized deductions in 2017
- Anyone with a large tax bill or large refund in 2017

The loss of certain exemptions may not be offset by the higher standard deduction. Some taxpayers could end up with a larger return than expected, while others will be saddled with a challenging tax bill.

THE SOONER YOU REVIEW, THE BETTER

The fix: Use the IRS online withholding calculator to review your withholding. Better yet, sit down with your tax adviser to get a clear understanding of your upcoming liability. With just a few months left in the year, changing your withholding now may not completely correct any discrepancies.

Talking with an adviser can help you figure out if you should be expecting a large tax burden next spring — and give you extra time to save.

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WOULD-BE DIVORCEES FACE YEAR-END TAX DEADLINE

If you are planning a divorce, talk to an adviser about how changes in the Tax Cuts and Jobs Act (TCJA) will affect your taxable income.

Under the new law, for divorce agreements executed after Dec. 31, 2018, payers no longer receive a deduction for alimony payments and recipients no longer have to include them in taxable income.

Arguably, if you will be making sizable alimony payments, you have an incentive to finalize your agreement before the end of the year in order to get the tax benefits. If you stand to receive alimony, you may want to delay in order to receive payments tax free.

ELIMINATING THE DIVORCE SUBSIDY

Assuming the payer is in a higher tax bracket and the recipient is in a lower tax bracket, there are tax savings to be generated by passing the tax burden to the person in the lower bracket — assuming you file by year-end 2018.

Reportedly, the House Ways and Means Committee described the alimony deduction as a "divorce subsidy" because a divorced couple might pay less in their combined taxes than a married couple might. Repealing the deduction will add about $7 billion in new tax revenues over 10 years.

IMPACT ON NEGOTIATIONS

The tax implications of an alimony payment should be factored into calculations and negotiations. Talk to your attorneys about each partner's tax bracket and the net tax impact. Some lawyers suggest that eliminating the tax deduction limits their ability to help clients find common ground by maximizing each party's post-divorce financial situation. Filing before year-end may provide you and your partner more options in settlement negotiations. Consult a financial professional with experience in divorce tax issues to understand your personal implications.

INCLUDING FREQUENT FLYER MILES IN ESTATE PLANS

When celebrity chef and author Anthony Bourdain died, his will contained a directive leaving his frequent flyer miles to his estranged wife to "dispose of in accordance to what she believes to be his wishes."

Bourdain's frequent flyer account was almost assuredly large. He built the latter half of his career as a globe trotter, traveling the world sharing meals and exotic food experiences. Though, most people probably don't have as many frequent flyer miles as Bourdain, many do have hundreds of thousands of them.

Each airline has different rules and regulations on the transfer of miles after death. Many airlines, such as Delta, have clear policies indicating frequent flyer miles are not transferable upon death. However, some of those same policies go on to stipulate that the airline may transfer miles to certain authorized persons at their discretion.

The American Airlines policy, for example, states: "Neither accrued mileage, nor award tickets, nor status, nor upgrades are transferable by the member…upon death…. However, American Airlines, in its sole discretion, may credit accrued mileage to persons specifically identified in court-approved divorce decrees and wills upon receipt of documentation satisfactory to American Airlines and upon payment of any applicable fees."

In other words, if you include a clause in your will bequeathing your frequent flyer miles, the airline may or may not honor it.

IMPROVE THE ODDS OF TRANSFER

Talk with your estate planning professional for help deciphering airline policies and taking the necessary steps to transfer your miles. To help ensure your miles will transfer, include a provision in your will that makes your wishes clear. That will provide important documentation if the airline requests proof of your intent.

You will also want to provide your account number and login information to your executor along with written instructions about who can access your account.

Your airline miles may be a way to leave a legacy to someone after your death. Of course, frequent flyer policies may change at any time. You might be better off using or donating your miles now, while you can, rather than risk losing them after you die.