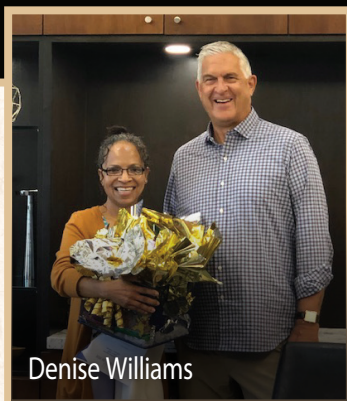


# DENISE WILLIAMS celebrates 20 years AT JEFFREY BURR



Denise Williams

When you work with the Law Firm of Jeffrey Burr, you're working with a team, one which has been together for many, many years. This year, we're celebrating Denise Williams' 20th anniversary!

Denise is the lovely receptionist in our Henderson office. Her smile has been the first one welcoming our clients to the office, and we're so thankful for the past 20 years of her service.

*Congratulations, Denise! Here's to 20 more!*

## contact us

10000 W. Charleston Blvd., Suite 100 • Las Vegas, NV 89135 • **702.254.4455**  
2600 Paseo Verde Parkway • Henderson, NV 89074 • **702.433.4455**  
**jeffreyburr.com**

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# CLIENT FOCUS

## SPOUSAL LIFETIME ACCESS TRUST

As the name of this estate planning tool cleverly indicates, a Spousal Lifetime Access Trust ("SLAT") can benefit married couples by providing one spouse lifetime access to funds provided to them in the SLAT. This requires one spouse to transfer assets into a trust created for the other spouse's benefit. Such a trust may be especially beneficial this year with the upcoming presidential election and the possibility of a lowered estate tax exemption. You can take advantage of our current record-high \$11.58 million exemption by transferring that amount into a SLAT for the benefit of your spouse. Couples with significantly less assets than the current estate tax exemption amount can also benefit from this method.

### How can a SLAT benefit you?

A fundamental purpose of the SLAT is to provide the beneficiary spouse access to principal and income during their lifetime while keeping those assets and the future growth of those assets out of the couple's gross estate for estate tax purposes. Appreciation of those assets is not included in either spouse's gross estate for federal or state estate tax purposes. For example, if the gifting spouse transfers \$11.58 million (the current federal exemption) into the SLAT and the assets appreciate to \$20 million, the increased value would continue to be available to the beneficiary spouse of the SLAT and be excluded from both spouses' gross estate for estate tax purposes. In this example, the SLAT would save \$3,368,000.00 in estate taxes. Here are some additional benefits a SLAT can provide:

- ◆ The beneficiary spouse can use the assets in the SLAT to benefit or support themselves and indirectly benefit the grantor spouse.
- ◆ Generally, assets used to fund SLATs are protected from creditors.

### Other considerations

While there are many benefits a SLAT can provide, there are potential downsides. Here are the main ones:

The gift from one spouse to the SLAT is made for the benefit of the other spouse. Divorce can complicate things because the gift is technically irrevocable.

Complications can arise if the spouse the SLAT was created for dies first because the grantor spouse may lose access to those assets. The easiest solution to this possible problem is to create different SLATs for each spouse. However, the IRS may disregard the trusts under the reciprocal trust doctrine if they are too similar. They essentially undo the SLATs and treat them as if each spouse created a trust for themselves. This would cause the assets in the SLATs to be counted in the couple's gross estate for estate tax purposes and frustrate the intent behind creating the SLATs. There are ways to reduce the probability the IRS will undo the SLATs, including varying the beneficiaries of each SLAT, using different Trustees, creating the SLATs at different times, and naming different remainder beneficiaries.

Stepped-up basis does not apply to assets in a SLAT because the assets are not included in a spouse's at death. The tax basis of those assets is the same as the basis the grantor had in those assets, which could result in significant income tax consequences.

It is essential to utilize an experienced estate planning attorney to ensure a SLAT functions as expected. While SLATs can provide huge monetary upsides, it is important to weigh the advantages against the disadvantages. Contact us today to discuss the specific benefits and potential risks in utilizing a SLAT in your estate planning.

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Spousal Lifetime Access Trust

The Homestead Exemption  
Has Changed

Congratulations to our Mountain  
States Super Lawyers and  
Rising Stars

Denise Williams celebrates 20 years

fall 2020



# The HOMESTEAD EXEMPTION has changed

There are numerous benefits to living in Nevada. In addition to the great weather, relatively low cost of living and no State income tax, Nevada's homestead exemption is one of the most attractive reasons people have to build a life here. Simply put, a homestead exemption is a legal mandate that shields a homeowner from the loss of his or her home, usually due to the death of a home-owning spouse, a debilitating illness or if the homeowner slides into bankruptcy.

A homestead exemption protects the equity in a person's principal residence (including a mobile home) from general creditor claims such as unpaid medical bills, charge card debts, business/personal loans, and accidents up to a maximum of \$605,000.00. The Homestead is thereby exempt from the final process of any court or any forced sale or seizure by general creditors up to such maximum statutory amount.

By and large, a homestead exemption offers legal protection from unsecured lenders and creditors who might otherwise foreclose on a residential property and remove the homeowners from the home. Under most state statutes, the homestead exemption only allows secured lenders or creditors, like a mortgage holder, taxing agency or mechanic's lien, to force a homeowner to pay up and/or remove them from a home. This is beneficial for Nevada homeowners because they do not have to fear predatory creditors taking advantage of them when they fall on hard times.

There are limitations to the homestead exemption. The homestead exemption does not protect home equity from child support or alimony obligations, taxes, IRS liens, repayment of benefits, and mechanic's liens and debts secured by a mortgage or deed of trust on the home.

An individual may only claim one residence as his or her Homestead, and the Homestead Declaration may be filed at any time before a sheriff's sale. The Homestead exemption does not exceed \$605,000.00, even if both spouses are owners of the residence, and both file a Homestead Declaration. The homestead exemption remains in effect if the property is conveyed into a revocable trust for the benefit of the person or persons who filed the Homestead Declaration.

For more information about homestead exemptions and how to add them to your estate plan, schedule your appointment with your Jeffrey Burr attorney.

Any equity exceeding the exemption amount can be protected. The implementation of an irrevocable trust is one option. Call us today to discuss your options. *B*



## Announcing

We are pleased to announce that  
**Kari Stephens**

has been named Managing Attorney for our Las Vegas office.

Kari has been with the firm for over 8 years, practicing primarily in the areas of Probate and Trust Administration.

Congratulations Kari!

# Congratulations

to our 2020 Mountain States Super Lawyers and  
Mountain States Rising Stars!

Top 100 Mountain States Super Lawyers



Jeffrey Burr

Mountain States Rising Stars



A. Collins Hunsaker  
Estate Planning

Corey J. Schmutz  
Estate Planning

Kendal L. Weisenmiller  
Estate and Trust Litigation

Derek N. Hatch  
Tax Litigation

Mountain States Super Lawyer



John R. Mugan

We are pleased to announce six firm attorneys were named to the 2020 Mountain States Super Lawyers and Rising Stars lists. The attorneys were selected using a rigorous, multiphase rating process in which peer nominations and evaluations were combined with third-party research. To be eligible for inclusion in Rising Stars, a candidate must be either 40 years old or younger or in practice for 10 years or fewer.

"The work the team at JEFFREY BURR does is exemplary," said Jeff Burr, Founder and Managing Partner with the firm. "I'm proud to be recognized and have so many members of my team named to such a prestigious list based on the work they perform for the Southern Nevada community." *B*

2020

## ELECTION: CHANGES IN ADMINISTRATION MAY AFFECT YOUR ESTATE PLAN

The upcoming election may bring about substantial legal changes that may cause foreseeable lost estate planning opportunities. Some of these substantial legal changes being proposed include:

- Reducing the federal gift, estate, and generation-skipping transfer tax exemption by approximately 50% from its current level;
- Elimination of various estate planning techniques (Grantor Retained Annuity Trusts, QPRTs and valuation discounts);
- Inheritances included in gross income; and
- Elimination of the step-up in basis either by adopting a gains tax at death or readoption of a carryover basis system.

Fortunately, there is still time before the end of 2020 to take advantage of current estate planning strategies and techniques that can be designed and implemented to preserve and protect your estate, including but not limited to:

- Gifts to Intentionally Defective Grantor Trusts (IDGTs).
- Gifts to Spousal Limited Access Trusts (SLATs).
- Gifts to Charitable Remainder and Charitable Lead Trusts.
- Grantor Retained Annuity Trusts (GRATs) and Qualified Personal Residence Trusts (QPRTs).
- Outright gifts to children or grandchildren (or through irrevocable trusts).

Although nobody can predict what will happen in this year's election, we encourage our clients to act now by maximizing the current federal estate and gift tax exemptions, and maintain flexibility through the use of effective estate planning strategies and techniques. Contact us today to learn how you can protect your legacy. *B*

