SS&B

Samuel, Sayward & Baler LLC

Smart Counsel... FOR LIFE.

Partners' Letter

"Winter is the time for comfort, for good food and warmth, for the touch of a friendly hand and for a talk beside the fire: it is the time for home."
— Dame Edith Sitwell
British Poet

Dear Clients and Friends:

We hope that you and yours enjoyed a wonderful holiday season together and that 2024 brings you health and happiness.

January – new year, new beginnings, new hopes, new dreams, new diets, new mindset...new estate plan? There is no time like the beginning of a brand new year to make plans and set goals for the future.

If it's been five or more years since you created your estate plan, this is the time to take out your documents and review them to make sure that they still represent your goals. If you have never considered an estate plan, or you are unsure what you may need for estate plan documents, please contact our office and we will guide you through the process.

On page 3 you will find the 2024 adjusted contribution limits and tax rates. Please contact us if you feel these changes will impact your estate planning goals. On page 4 we discuss the difference between a Power of Attorney and a Will.

On January 1, the new ***Corporate Transparency Act (CTA)*** from the **U.S. Department of the**

this issue

Partner's Letter continued...

Treasury's Financial Crimes Enforcement Network (FinCEN) went info effect. The purpose of this new law is to help crack down on bad actors who exploit anonymous shell companies to engage in illegal activities. CTA requires organizations to report information about *"beneficial owners"*—those who own at least 25% of or exercise substantial control over the reporting company.

On page 6, Attorney Maria Baler explains the ***Five Family Situations that Merit Special Planning*** to protect your loved ones.

We share some pictures from our holiday dinner and we learn a little more about our legal assistant Jasmine Sanchez in our employee spotlight.

As always, please feel free to reach out to Kenzie (kenzie@ssbllc.com) with any questions, or ideas for future newsletter articles.

If you know someone who would like to receive this quarterly newsletter, please have them email Kenzie their contact information, and don't forget to forward this to your family and friends.

Wishing you a safe and healthy winter,

Suzanne R. Sayward
Maria C. Baler

Be sure to follow us on Facebook and LinkedIn
and on our Youtube channel.

Inflation Adjusted Tax Figures for 2024

Each year the federal government adjusts various benchmark numbers to reflect inflation or cost of living increases. Below are some of the 2024 adjustments as reported by the IRS.

▶ Estates of decedents who die during 2024 have a basic exclusion amount of $13,610,000, up from a total of $12,920,000 for estates of decedents who died in 2023. This means that individuals who have a taxable estate of less than $13,610,000 do not need to be concerned about their estates being diminished by federal estate tax. This number is doubled for a married couple. This is the lifetime exemption.

▶ The annual exclusion for gifts increases to $18,000 for calendar year 2024. The annual exclusion is the amount that each person may gift to any other person in a calendar year without affecting the amount of their lifetime basic exemption (see above). Under the current law, there is no limitation on the number of individuals to whom annual exclusion gifts may be made.

▶ The standard deduction for married couples filing jointly for tax year 2024 rises to $29,200, an increase of $1,500 from tax year 2023. For single taxpayers and married individuals filing separately, the standard deduction rises to $14,600 for 2024, an increase of $750 from 2023; and for heads of households, the standard deduction will be $21,900 for tax year 2024, an increase of $1,100 from the amount for tax year 2023.

▶ Marginal rates: For tax year 2024, the top tax rate remains 37% for individual single taxpayers with incomes greater than $609,350 ($731,200 for married couples filing jointly).
The other rates are:

35% for incomes over $243,725 ($487,450 for married couples filing jointly)
32% for incomes over $191,950 ($383,900 for married couples filing jointly)
24% for incomes over $100,525 ($201,050 for married couples filing jointly)
22% for incomes over $47,150 ($94,300 for married couples filing jointly)
12% for incomes over $11,600 ($23,200 for married couples filing jointly)

The lowest rate is 10% for incomes of single individuals with incomes of $11,600 or less ($23,200 for married couples filing jointly).

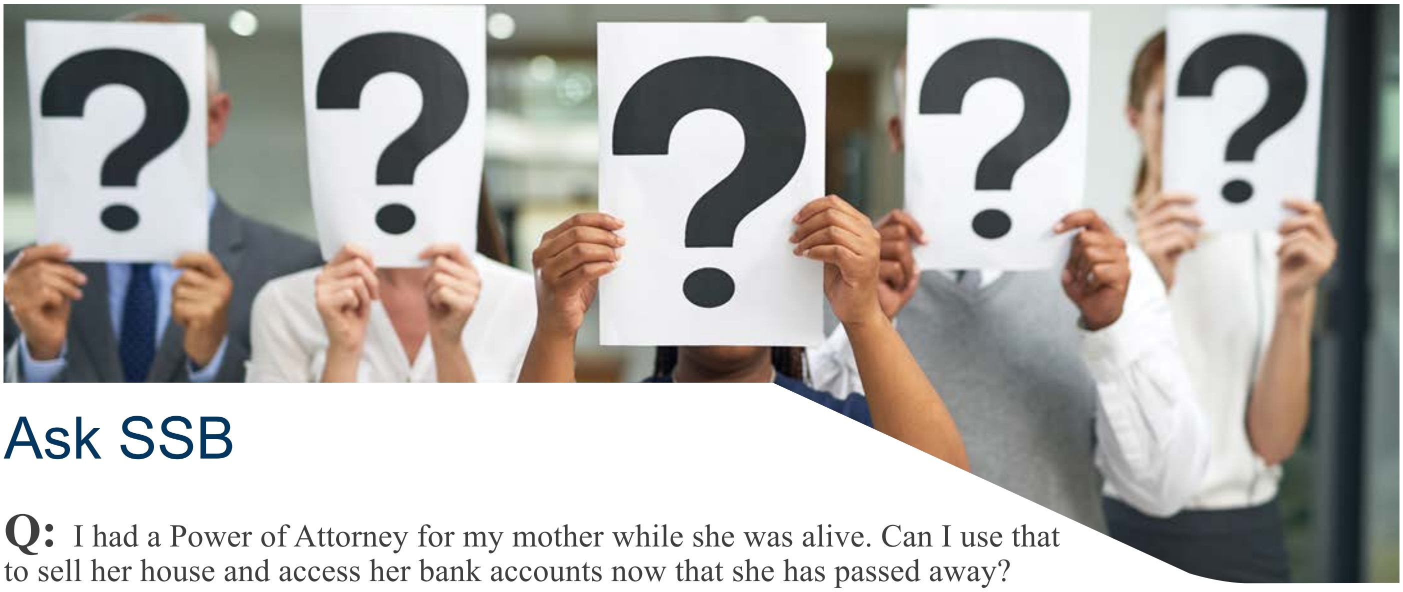
Long-term capital gains tax rates for the 2024 tax year:

Filing Status	0% Rate	15% Rate	20% Rate
Single	Up to $47,025	$47,026 – $518,900	Over $518,900
Married filing jointly	Up to $94,050	$94,051 – $583,750	Over $583,750
Married filing separately	Up to $47,025	$47,026 – $291,850	Over $291,850
Head of household	Up to $63,000	$63,001 – $551,350	Over $551,350

Inflation Adjusted Tax...

▶ For the taxable years beginning in 2024, the dollar limitation for employee salary reductions for contributions to health flexible spending arrangements increases to $3,200. For cafeteria plans that permit the carryover of unused amounts, the maximum carryover amount is $640, an increase of $30 from taxable years beginning in 2023.

▶ The contribution limit for employees who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan is increased to $23,000, up from $22,500. The limit on annual contributions to an IRA increased to $7,000, up from $6,500. The IRA catch–up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost–of–living adjustment but remains $1,000 for 2024.The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan remains $7,500 for 2024. Therefore, participants in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan who are 50 and older can contribute up to $30,500, starting in 2024. The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains $3,500 for 2024.



Ask SSB

Q: I had a Power of Attorney for my mother while she was alive. Can I use that to sell her house and access her bank accounts now that she has passed away?

A: No. The authority granted by a Power of Attorney ends upon the death of the person who granted it. After death, the Personal Representative named in the Will takes over.

A Power of Attorney is a document that designates a person (an "attorney-in-fact") to make legal and financial decisions on behalf of another person (the "principal"). A Power of Attorney allows the attorney-in-fact to manage the principal's financial affairs, including banking and real property transactions, while the principal is alive but unable to make financial decisions for themselves.

A Will is a document that controls the distribution of probate assets after death. The Personal Representative named in the Will is responsible for administering the estate, paying debts, and distributing the assets to the beneficiaries in accordance with the terms of the Will.

The key difference between a Power of Attorney and a Will is whether it is used before or after death. The Power of Attorney is used only while one is alive; the Will is used after one dies. The Personal Representative named in your mother's Will will have the authority to manage the assets of your mother's estate.

Corporate Transparency Act

The Corporate Transparency Act (CTA) is a federal law passed in 2021 which aims to prevent money laundering and tax fraud. As of January 1, 2024, the CTA requires business entities, unless exempted, to file reports with the Financial Crimes Enforcement Network (FinCEN) disclosing information about the entity and individuals associated with it.

Business entities that are required to report are called reporting entities. These include corporations, limited liability companies (LLCs), and other entities created or registered by filing a document with a secretary of state or similar state office. Business entities such as LLCs are often used in estate planning, especially if rental or commercial real estate is owned. These LLCs fall within the scope of the CTA and are subject to its reporting requirements.

Reporting companies created before January 1, 2024, must provide information about the company and its beneficial owners. Reporting companies created on or after January 1, 2024, must provide information about the company, its beneficial owners, and its company applicants.

Entities created prior to January 1, 2024, have until January 1, 2025, to file an initial report; reporting companies created or registered after January 1, 2024, and before January 1, 2025, will have ninety days after creation or registration to file an initial report. Entities created on or after January 1, 2025, will have 30 days to submit their initial reports to FinCEN. Changes, updates, and corrections to previously reported information must also be reported to FinCEN within 30 days. For changes and updates, the 30 days start from when the relevant change occurs. For corrections, the 30 days start after becoming aware of, or having reason to know of, an inaccuracy in a prior report.

The penalty for failure to file a timely report is up to two years in prison and $10,000. Note that there are no safe harbors for filing an incorrect report.

Reports must be filed electronically via the **FinCEN website.** If you have a small business that is an LLC, a corporation or other registered entity, you should consult with your business attorney about your filing duties. If you have an LLC or other entity for liability protection or as part of your estate plan, we recommend you consult with your CPA to discuss your reporting obligations and the steps needed to achieve compliance.

Five Family Situations that Merit Special Planning

By Attorney Maria C. Baler

Although it is important for every person over the age of 18 to create estate plan documents, there are some family situations that make it especially important to plan. In these situations, proper planning is crucial to protect your family, achieve your goals and prevent unintended consequences. Here are five family situations where planning is crucial.

1. Disabled or Special Needs Beneficiary

If you have a child, grandchild or other beneficiary of your estate who is disabled or has special needs, that person may now or in the future be eligible to receive public benefits due to their disability. If that person receives an inheritance directly, receipt of those assets will likely make them ineligible to receive those public benefits, which may provide a monthly income, affordable health care, prescription drugs, medical equipment, and needed care. Many public benefit programs have an asset limit of $2,000 for eligibility. This problem is easily avoided by thoughtful planning – usually by creating a so-called Supplemental Needs Trust for the benefit of the beneficiary, commonly used to preserve needs-based governmental benefits for a person with disabilities. For example, parents of a child with disabilities, can create a third-party trust for the benefit of their child into which the child's inheritance would be paid at the parents' deaths. This type of Trust does not need to include a payback provision for benefits the child may have received during life, and assets in the Trust will not cause the beneficiary to lose needs-based governmental benefits. Instead, those assets can be used during the lifetime of the beneficiary to provide the beneficiary with services or experiences that enhance their quality of life and that are not otherwise covered by the benefits they receive. Assets remaining in the trust at the death of the disabled beneficiary may be distributed to other family members

2. Beneficiary with Substance Abuse Disorder or Spendthrift Tendencies

If you would like to benefit a particular person at your death, but are concerned about that person's ability to manage any assets they receive, you may benefit that person while controlling their access to the inherited assets by directing their inheritance into a discretionary Trust for their benefit, managed by a third-party Trustee. The Trustee you choose will receive the inherited assets after your death and manage those assets for the benefit of the beneficiary. It will be up to the Trustee if and when money is distributed from the Trust to or for the benefit of the beneficiary, based on parameters you create. For example, if a beneficiary has substance abuse disorder, the Trustee could be directed to pay the beneficiary's rent, health insurance premiums and uninsured medical expenses directly, keeping assets out of the hands of the beneficiary where it may be spent inappropriately. For a beneficiary who is on a path to recovery, the Trust terms could require that the beneficiary undergo drug testing before receiving a distribution to incentivize them to stay clean.

A beneficiary who has spendthrift issues may spend money in ways you do not find reasonable. Sometimes, this is a minor issue (like spending too much money on expensive shoes), or the person may have serious spending issues and have creditors chasing them or a bankruptcy in their past (or future!). If you would like to leave money to such a person in your estate plan, but would like to make sure the inheritance you leave them is not blown on fast cars, fancy handbags or $500 shoes, and/or is protected from current or future creditors, a Trust is the answer. The Trustee will have discretion to use the money for the beneficiary's benefit, but the beneficiary will not have control over how the money is spent. You may grant the beneficiary the right to request money from the Trust, but the Trustee will judge whether the purpose for which the money is requested is reasonable. Alternatively, the beneficiary's access could be limited by giving the beneficiary the income from the Trust for life, but no or limited access to principal. This type of Trust can also work well if a beneficiary you wish to benefit is married to a spendthrift, and you are concerned that the spouse of the beneficiary may influence them to spend money inappropriately, or will end up in the spouse's hands in the event of a divorce or the beneficiary's death. This type of Trust will also protect the money from a beneficiary's creditors to the extent it is not distributed to the beneficiary. In this way, the spendthrift beneficiary (or their spendthrift spouse) may spend their own money on expensive shoes, but be assured of having other needs met, if necessary, from the assets you leave in trust for their benefit.

3. Parents in Need of Support

We often see clients who are providing support to aging parents. As parents live longer, some can no longer afford to cover all of their own living expenses, or cover costly care expenses. If they are lucky, their children may be in a position to help them with these expenses. However, a child in this situation needs to consider what would happen if the child predeceased the parent. Without a thoughtful plan, the monetary support the child is providing to the parent could end abruptly, creating unintended consequences. In this situation you would hope that the deceased child's siblings would step up to the plate and provide needed assistance, however this is often not possible and may be why the deceased child was providing so much assistance in the first place. You would also hope the deceased child's spouse or children would continue to provide that assistance, however that may also not be possible depending on the extent of the inheritance or how it is left to them, especially if the child was providing support due to a sizeable employment income that ended with the child's death. Careful planning can ensure that parents who rely on a child's support will be protected in the event of a child's death. Using a trust to benefit the parents is an important part of that plan, to ensure assets left directly to parents will not disqualify them from receiving public benefits for which they may otherwise be eligible.

4. Troublesome In-Laws

We all hope the people our children choose to marry are mature, responsible and treat our children well. Unfortunately, this is not always the case. We have all heard statistics about the large percentage of marriages that end in divorce. If you are leaving assets to a child or other beneficiary at death and you have concerns about the stability of the beneficiary's marriage, or are just not very fond of the person they chose to marry, a Trust can be used to benefit the beneficiary while keeping the inherited assets out of the hands of their spouse, and protecting those assets to a greater extent in the event of a divorce. If assets are not inherited directly by a beneficiary, they cannot give those assets to a spouse, or deposit them into a joint bank account where their spouse has access and ownership. In many cases, assets that are not inherited directly will not be subject to division in a divorce proceeding. To avoid leaving assets directly to a beneficiary with a troublesome spouse, leave those assets in trust for the beneficiary. Establish parameters in the Trust as to how the assets may be applied for the beneficiary. Prevent the Trustee from distributing assets directly to the beneficiary, and instead allow the Trustee to use those assets for the benefit of the beneficiary. Perhaps include the beneficiary's children or siblings as beneficiaries of the Trust in addition to the beneficiary. Name a Trustee who is not a family member to provide greater protection in the event the beneficiary finds herself in the midst of a divorce proceeding. Although the extent to which a trust offers protection in the divorce context varies depending on the circumstances and the state in which the beneficiary resides at the time of the divorce, trusts offer significantly more protection for inherited assets than an outright distribution to the beneficiary.

5. Blended Families

Although marriages end in divorce, there are many instances of divorced or widowed individuals finding love with a new partner. When one or both partners have children, this can create a situation of competing planning goals - making sure that when they die their partner is taken care of, but also wanting to make sure their children are provided for, and that their money is not directed by their partner away from their children should their partner re-marry or leave assets to their own children. These goals can be achieved with careful planning by thoughtfully deciding which assets are best to leave to a partner vs. children at death. Alternatively, creating a Trust that will benefit the surviving partner during their lifetime, while ensuring that assets remaining in that Trust after the partner's lifetime will be left to children is a common arrangement. This type of planning is important for people with young children, who may rely on their parent for support and education expenses, and also for those with adult children, who may be devastated when their deceased parent's assets, particularly assets such as a beloved family home or vacation home, are left to a surviving partner and sold or pass to others at the partner's death.

People with non-typical situations often delay planning because they fear that there is no good way to achieve their complicated or competing planning goals, or address concerns (sometimes unacknowledged) about the beneficiaries they hope to benefit. Taking the time to talk through your situation with an experienced estate planning attorney will provide you with options and strategies to achieve your goals, and will result in a plan that addresses your special family situation in the best way possible. If you have one of these situations in your family, don't delay – speak with an experienced estate planning attorney today!

Maria Baler, Esq. is an estate planning and elder law attorney and partner at Samuel, Sayward & Baler LLC, a law firm based in Dedham. She is also a former director of the Massachusetts Chapter of the National Academy of Elder Law Attorneys (MassNAELA), and the immediate past President of the Board of Directors of the Massachusetts Forum of Estate Planning Attorneys. For more information, visit www.ssbllc.com or call (781) 461-1020.

January 2024

What's New at SSB

2024 Holiday Dinner
at Conrads - Norwood

Steve Samuel & Maria Baler

Brittney Citron & Kenzie Sayward

Karen Margeson & Janine Cronin

Jasmine Sanchez

Joanne Loetz & Kenzie Sayward

Meet Legal Assistant **Jasmine Sanchez**

1

What do you do at SSB?
I am a legal assistant in our estate and probate department. I assist our attorneys with estate and probate matters by preparing and filling probate pleadings, communicating with the probate courts and registries of deeds regarding our client's estate matters, meet with clients to sign documents, and create asset charts.

2

What do you like best about your job?

I love feeling like I can help people during a hard time in their lives.

I also love working as a team with my colleagues at SSB.

3

What is something people might not know about you?
I love to sing. Ever since I was a little girl, I would sing along to every song on the radio and even T.V. commercials. A few years ago I tried out for American Idol and The Voice.

4

What is something you learned in the last week?
Turkeys will not move for cars.

5

What is your guilty pleasure?
Pizza and chocolate.

6

If you could meet anyone in the world who would it be and why?
Ed Sheeran – he is an amazing artist and human being and there is not one single bad thing I can say about the guy.