

**August 2024
Issue**

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Summer Estate Essentials: Planning Your Legacy Under the Sun

Ballots to Beneficiaries: How Potential Presidential Policies Could Shape the Future of Your Estate Plan

Ready or not, we are entering another presidential election season. If you are like most Americans, the economy is top of mind when it comes to evaluating the candidates. But even if you do not intend to vote, the tax policies of the next administration could have a major impact on your personal wealth and estate planning strategies.

Tax Legislation Is on the Horizon

In the area of tax policy, the 2024 election is set to leave its mark. The Tax Cuts and Jobs Act of 2017 (TCJA) is expiring at the end of 2025, and with its expiration will come the undoing of its individual and other tax provisions, including lower personal income tax rates, higher standard deductions, increased estate tax exemptions, and the expensing of business investments. Many tax experts have said that major new tax legislation to replace the TCJA is all but assured from the incoming Congress. What the candidates promise on the campaign trail over the next few months could go a long way toward setting tax policy priorities.

Evaluating the Candidates Through an Estate Planning Lens

Here are some key policy terms to pay attention to from an estate planning perspective:

- Capital gains tax: A tax on the profit earned from selling an asset (such as stocks or real estate)
- Estate tax: A tax on the transfer of property upon one's death
- Gift tax: A tax on the transfer of property from one individual to another during their lifetime without receiving full value in return
- Income tax: A tax on the income of an individual or entity
- Tax credit: An amount that taxpayers can subtract from their total tax liability
- Tax deduction: A reduction in taxable income, potentially decreasing or eliminating tax liability
- Tax exemption: A monetary exclusion that reduces the amount of taxable income
- Trust income tax: A tax on the income generated by a trust

What the 2024 Candidates Are Saying About Estate-Planning Related Taxes

Former President Donald Trump

Donald Trump has said he plans to make permanent the 2017 individual tax cuts that he enacted during his term under the TCJA. He also wants to make the expiring estate tax cuts from the TCJA permanent. The unified gift and estate tax exclusion amount is set to expire on December 31, 2025, and revert to pre-TCJA levels that are expected to be around half of what they are in 2024 (\$13.61 million per individual/\$27.22 million per married couple).

Vice President Kamala Harris

Kamala Harris would reportedly tax long-term capital gains and qualified dividends at ordinary income tax rates for taxable income over \$1 million and tax unrealized capital gains at death for amounts exceeding a \$5 million exemption (\$10 million for joint filers). She has also proposed a minimum effective tax of 20 percent on unrealized capital gains from assets such as stocks, bonds, and privately held companies; higher top individual income tax and corporate income tax rates; and tighter estate tax rules to reduce inherited wealth accumulation.

Robert F. Kennedy Jr.

The only major tax policy that RFK Jr. has announced, according to the Tax Foundation, is exempting Bitcoin from capital gains taxes when the cryptocurrency is converted to or from US dollars. He has also expressed a desire to make tax code changes to discourage corporate ownership of single-family homes.

Sun, Sand and Succession: Estate Planning Tips for Your Vacation Property

A vacation property can be one of the most valuable things you can pass down to your loved ones, from both a sentimental and financial standpoint.

However, mixing money and family can be tricky. Without a well-thought-out strategy for the ownership transition, hard feelings and disputes could arise, and the vacation home could be used in ways you did not intend.

Beyond family dynamics and legacy objectives, transferring a vacation property to the next generation also has legal and tax implications that need to be addressed in an estate plan.

Vacation Homes Are a Store of Memories—and Wealth

It is that time of year when you and your loved ones may be preparing to spend time on the beach or in the mountains at the family vacation home. Around 5 percent of all housing units in the United States are second homes. There was a more than 16 percent surge in new vacation home purchases during the pandemic. From humble cabins and beach cottages to luxurious mountain estates and lake houses, vacation homes are owned by an estimated 4 out of 10 Americans.

Vacation Home Estate Planning Considerations

As you clean up your vacation home and prepare to welcome your children, grandchildren, and other family members for another season of memory-making moments, estate planning may be a distant thought—if it is even on your mind at all.

But ensuring that the home remains a place for the family to gather for generations to come requires addressing it in your estate plan now, while you still own and control it. Here are some points to consider as you balance finances, feelings, and fairness in your vacation home estate plan:

- Are you still spending time at the vacation home? This can affect whether you pass the home to your loved ones now or after you die. It is not an all-or-nothing proposition, though. You could establish what is called a life estate that allows you to transfer the vacation home at death but continue using it during your lifetime.

Who is interested in the property? There might be interest among all your children in keeping the property, only one child who is genuinely interested in owning and using it, or nobody interested in it at all.

- Do you want to set limits on what can be done with the property? Think about whether the vacation home can be used as a rental, if family members should have the right to sell the vacation home or their interest in it to people outside the family, the conditions for one family member buying out another's interest, and other limits on what can and cannot be done there.
- How compatible are your loved ones? If everybody gets along and has similar income levels, you might not be concerned about their ability to equitably divide ownership rights and responsibilities. But disagreements could still arise over things like who is responsible for paying for upkeep, taxes, and insurance, and who can use the property—and when. And the more family members there are who have a right to use the home, the greater the potential for conflict.

These big picture estate planning issues for a vacation home can inform specific strategies such as the following about how to pass the property down:

- Selling the home to a family member
- Gifting the home to family during your lifetime
- Passing down the home to loved ones through the probate process via your will
- Transferring the property outside of probate, either while you are alive or after your death, with a trust or a transfer-on-death or pay-on-death deed (if your state recognizes them)

● Creating a limited liability company (LLC) or family limited partnership (FLP) to own the vacation home

Each of these strategies has a different set of pros and cons that you should further discuss with an estate planning lawyer.

Talk to a Lawyer About How Best to Keep a Vacation Home in the Family

Family can be complicated. Adding a treasured family vacation home to the mix only adds to the complications.

We recommend talking to your loved ones about the vacation property. Once you get answers to questions like who wants the vacation home, how much they might use it, and if they can take on ownership responsibilities, reach out to us to create a strategy that aligns with your personal circumstances and objectives.

From Field to Heirloom: Strategies for Passing Down Sports Memorabilia in Your Estate Plan

You may have spent decades building up your sports memorabilia collection. Maybe you have some rare cards and autographed pictures that have steadily gained value over the years, and now they are worth a significant amount of money. You go to great lengths to keep these items in mint condition. But are you protecting them in your estate plan?

Collectible sports items like cards, photos, clothing, and tickets are part of an industry that is valued at more than \$26 billion and is expected to top \$227 billion by 2032. The sports memorabilia industry is becoming comparable to the art market, “replete with appraisers, ratings agencies, authenticators, specialized insurance, leased vaults, and elite security systems,” according to the Robb Report.

Ways to Include Sports Collectibles in an Estate Plan

An estate plan can deal with tangible personal property in a few different ways:

- Gift all tangible personal property to a single beneficiary or multiple beneficiaries through a will or a trust.
- List specific items in a will or trust and who will receive them.
- Use a memorandum of tangible personal property that lists who will receive certain items. This document is separate from a will or trust but is usually referenced in the client's will or trust as providing the instructions for what will happen to the client's tangible personal property.

Because there is no guarantee that you have a loved one who shares your passion for sports collectibles, you could also plan for your collection in one of the following ways:

- Dictate in your estate plan that your successor trustee or executor must sell the collection, invest the money, and have the proceeds distributed to your loved ones at your death.
- Gift the collection to a nonfamily member (such as a fellow collector) during your lifetime so you can see them enjoy it, or leave the collection to them in your will or trust.
- Donate the collection to charity, either now or as part of your estate when you die.

What Can Happen If You Do Not Plan for Your Collection

If you do not affirmatively plan for your sports memorabilia collection and discuss your plan with your family, they may find it after your passing and not realize its financial and sentimental worth or be aware of your wishes for how it is distributed. Your loved ones could sit on the items and later find out they are valuable. And if they do not agree on how to divide the collection, they could get into a legal battle about ownership rights. Reach out to our estate planning attorneys to learn more.

RECIPE: SALMON TACOS WITH MANGO CORN SALSA



Ingredients

Salmon Tacos:

- 1 lb. salmon fillet
- 2-3 teaspoons taco seasoning
- 2 teaspoons avocado oil

Mango Corn Salsa:

- 1 large mango, diced
- 1 cucumber, diced
- 2 ears sweet corn, kernels cut off the cob
- 1/4 cup finely chopped red onion
- 1/2 cup finely chopped cilantro
- 1 tablespoon honey
- zest and juice of 1 lime
- 1/2 teaspoon salt

Directions

1. **Prep:** Preheat the oven to 425 degrees. Line a baking sheet with parchment paper.
2. **Season the Salmon:** Toss the salmon with the taco seasoning and avocado oil until well-coated – you can do this in a bowl or directly on the baking sheet. If your taco seasoning does not have salt, add some salt to the salmon.
3. **Bake the Salmon:** Bake the salmon for 8 minutes, close to the top of the oven, or until it slips apart easily when pressed with a fork.
4. **Make the Salsa:** While the salmon is baking, chop up your salsa ingredients and toss together in a bowl. Season to taste.
5. **Soften the Tortillas:** To soften the corn tortillas, I usually heat up some oil in a large skillet and then give the tortilla a very quick one-sided dip into the hot oil and transfer to a paper-towel lined plate. I stack them up as I go so the heat and oil kind of distributes between all the tortillas. You can also wrap the tortillas in a few damp paper towels and microwave for 30 seconds to steam them so they become more pliable and yummy to eat.
6. **Assemble the Tacos:** Mash avocado or spread refried beans on the bottom of the tortilla. Add a couple pieces of salmon; press to gently smash them. Top with a big scoop of the salsa. I often finish these with lime squeezes and a drizzle of honey!

