

A TOOL FOR DELAYING REQUIRED MINIMUM DISTRIBUTIONS

Do you or your clients want to delay their required minimum distribution from their qualified retirement plan? A product is now available which may allow just that.

According to the IRS' July 2014 regulations, clients can now buy an annuity that can delay their qualified minimum distributions up to age 85. The requirement is that you use a QLAC (Qualified Longevity Annuity Contract). A client can deposit the lesser of \$ 125,000 or 25% of their qualified retirement plan account balance, and delay those distributions for 14.5 years. This could potentially save substantial taxes particularly for people who can avoid being put into a higher tax bracket during this period by delaying these distributions.

If you would like to find out more about how this very exciting new development can benefit you, please give me a call.

ESTATE PLANNING UPDATE

Estate planning continues to get more complicated, especially in Connecticut. As many of you may know, the probate fees in Connecticut recently became the most expensive in the country. According to Fox Business News, will and estate attorneys say the state now requires the wealthiest residents to fund the probate court system after budget cuts pulled all funding.

According to Vincent Russo, a spokesman for the state probate court system, "due to the difficult budget year" the state legislature was forced to cut all funding to the probate court system. Previously the state provided about one third of the probate court budget and fees made the rest."

"It became evident that fee increases were a possibility at the end of May and in June" stated Judge Paul Knierim, Connecticut's probate court administrator. The state legislature doubled its probate fees to 0.05% for those worth \$2M or more, and eliminated the \$12,500 cap. And in Connecticut, life insurance proceeds are included in the estate, so the hefty new fee will apply to the value of one's life insurance policies as well.

"The biggest surprise is that it was retroactive", according to Jim Dougherty, an estate attorney based in Greenwich, Connecticut. For every \$10 million of assets, an additional \$50,000 in probate fees will be collected. This is on top of the state inheritance tax that goes up to 13% and the federal estate tax which goes up to 40%. Dying, particularly in Connecticut, continues to be an expensive proposition for the wealthy and another reason why so many wealthy individuals are leaving the state of Connecticut.

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