

“Your Estate Matters” Legal-ease

By Ronda M. Gabb, NP, JD, RFC



Louisiana LAW-niappe

Sometimes there just isn't enough on one topic to fill an entire column so every now and then I will throw in some Louisiana LAW-niappe:

SENIOR FREEZE – You may be surprised that you can qualify this year!

While the age requirement is still age 65 or older (by December 31st of the first year of the freeze application), Louisiana voters passed a big increase in the amount of income one can have and still qualify for this “Age Freeze” (and the other Special Assessment Levels too). If your Adjusted Gross Income on your 2020 tax return is \$100,000 or less (married or single, so there is a definite “marriage penalty” the way the law was written), you can qualify to have the assessed value of your property permanently frozen, assuming you do not make improvements to the property that would increase the value by 25% or more. Many of my clients will qualify for the Senior Freeze in 2021 because RMDs (Required Minimum Distributions) from IRAs were NOT required to be taken in 2020 (it was waived due to COVID-19), so their AGI may have temporarily fallen below \$100k in 2020. Take advantage of this temporary dip in income and apply for the Senior Freeze, which is permanent! The \$100k AGI will stay

in place through 12/31/2025, and in 2026 will go up annually according to the Consumer Price Index. Call or visit your local tax assessor's office ASAP and ask what they require (usually proof of age and a copy of your tax return).

SECURE ACT

Speaking of IRAs and RMDs, according to the SECURE Act, you are not required to begin taking RMDs until you reach age 72 (if you were born on July 1, 1949, or after), it used to be age 70½. The SECURE Act also removed any age restrictions for continuing to contribute to your IRA. As long as you (or your spouse) have the earned income to offset the contribution, you can add to your IRA, even if you're 95! IRA contributions can further reduce your AGI, perhaps making it fall below the \$100k to allow you to qualify for the Senior Freeze.

100% FOOD AND BEVERAGE DEDUCTION (my favorite topic!)

The IRS published Notice 2021-25 to temporarily (01/01/2021-12/31/2022) allow one-hundred (100%) percent expense deduction for food and beverages. (It's usually only 50%.) The reasoning behind this deduction was to help restaurants whose businesses have suffered because of COVID-19. It certainly applies to “dine-in” restaurants

but also to “take-out” as long as the food/beverage order was meant for “immediate consumption”. Obviously, this doesn't apply to grocery stores, pre-packaged foods, liquor stores, etc. Just make sure the beverages are on the same bill as the food; it is not lavish or extravagant (and that's a very broad definition); and the taxpayer (or their employee) is present--you know I would never miss a good meal and a bottle of wine!

HURRICANE SEASON IS HERE

Have a plan. Make sure you have videoed and/or cataloged your furnishings and collections and take that with you if you evacuate (or store a copy in the Cloud). Same goes for your important original documents (like Wills, Trusts, and Powers of Attorney). If your originals are in a safe or safe deposit box, you may want to put them in a Ziploc bag. Check coverages on your Homeowners and Flood insurance policies. Do you have ample contents coverage on both of these policies? If you have made any additions/renovations, did you increase your coverage accordingly?

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Ronda M. Gabb
& ASSOCIATES, LLC
A LOUISIANA ESTATE PLANNING
& ELDER LAW PRACTICE



Ronda M. Gabb is a Board Certified Estate Planning and Administration Specialist certified by the Louisiana Board of Legal Specialization. She is a member of the American Academy of Estate Planning Attorneys, National Academy of Elder Law Attorneys and the Governor's Elder Law Task Force. Ronda grew up in New Orleans East and first moved to Slidell in 1988, and now resides in Clipper Estates.