

"Your Estate Matters" Legal-ease

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RESOLVE TO WATCH YOUR FIGURE(s) IN THE NEW YEAR!

A LIST OF IMPORTANT FIGURES FOR 2021

GIFT TAX: The amount you are free to give to each person for this calendar year without either party having to file anything with the IRS remains \$15,000. This means a married couple could give \$30,000 to each recipient. This is called the annual exclusion gift amount. For 2021, the lifetime gift tax exemption amount was raised to \$11,700,000 per donor, however there is a very high likelihood that it will be significantly lowered by the new administration and applied retroactively to January 1, 2021. The amount one spouse may gift for free to the other spouse who is not a U.S. Citizen is \$159,000, and an unlimited amount to a spouse who is a U. S. Citizen.

ESTATE TAX: The amount you may leave to your loved ones at your death free of any estate taxes or Louisiana state inheritance is now \$11,700,000 per decedent (minus any lifetime gifting made above the annual exclusion amount). This means that a married couple may leave up to \$23,400,000 to their loved ones both estate and inheritance tax free. Again, there is a high likelihood that it will be significantly lowered by the new administration and applied retroactively to January 1, 2021. Presently, the top marginal tax rate for estates that exceed these amounts remains at forty (40%) percent, but will probably be raised by the new administration, as well.

IRAs: The contribution limit for Traditional IRAs remains the same at \$6,000 per year for those under age 50, and \$7,000 per year for those 50 or older. If you were born on or

after July 1, 1949, you are not required to take your Required Minimum Distribution (RMD) now, under the SECURE Act, until age 72. Additionally, there are no longer any age restrictions on contributing to your IRA as long as you (or your spouse) have earned income to offset the contribution, even if you are already receiving your RMDs. Don't forget you can use some (up to \$100,000) of your Required Minimum Distribution (RMD) amount to pay to your favorite charities directly, in order to reduce your taxable income (called a Qualified Charitable Distribution-QCD). Some of our clients have donated their entire RMD for one year to bring their income down enough to qualify for the Senior Freeze below.

SENIOR FREEZE: In 2020, Louisiana voters significantly raised the amount of the "Senior Freeze". In order to have the assessed value of your Homestead "frozen", an owner of the property must be 65 years of age or older, reside in the property, and have an Adjusted Gross Income (AGI) of \$100,000, or less (through December 31, 2024, after that, the figure will be adjusted for inflation). You must provide your assessor proof of your date of birth and a copy of your 2020 tax return. Once you qualify, future years of higher income do not matter.

MEDICAID: For Medicaid (not Medicare) to pay for nursing home care for one spouse, the "at home" community spouse may retain up to \$130,380 in countable resources. The primary home, with equity not to exceed \$603,000 (this limit does not apply if there

is a surviving spouse), is not considered as a "countable" resource, but after the death of both spouses Medicaid may seek estate recovery against the home.

For Medicaid purposes, a single person who is in a nursing home may keep only up to \$2,000 in countable resources, a married couple who are both in a nursing home may keep only up to \$3,000 in countable resources.

For Medicaid purposes, the amount of monthly income the "at home" spouse may keep of the "institutionalized" spouse's monthly income is up to \$3,259.50 per month. (This assumes the "at home" spouse has no other income.)

Medicaid will not institute estate recovery against the home if an heir's income is 300% or less of the Federal Poverty Guidelines. The following are annualized 300% figures based on family size for 2021: (1) \$38,280; (2) \$51,720; (3) \$65,160; (4) \$78,600; (5) \$92,040. For example, if ANY heir with a family of four makes less than \$78,600 a year, Medicaid will not seek recovery against the entire home, not just that heir's portion.

VA AID & ATTENDANCE PENSION: For 2021, the VA Aid & Attendance Improved Pension Program monthly tax-free benefit for both a qualifying Veteran and Spouse needing care is \$2,295.75; for the Veteran only is \$1,936.50, for the Widow of a qualifying Veteran: \$1,244.50; and for two qualifying Veterans married to each other, is \$3,071.75. The asset resource limit for a qualifying Veteran, either married or single, is \$130,773.



See other articles and issues of interest!

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