



The Law Offices of

# Bromm Lindahl Freeman-Caddy & Lausterer

An Organization of Professional Corporations

Curtis A. Bromm, P.C.  
Loren L. Lindahl, P.C.

Maureen Freeman-Caddy, P.C., L.L.O.  
Jovan W. Lausterer, P.C., L.L.O.

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Dear Clients,

As you turn your calendar to 2015, our office thought it would be helpful to outline a couple tax-related items to keep in mind:

**1. Estate and Gift Tax Reform.** While your inflation-adjusted federal estate exemption per taxpayer has increased to \$5.43 million in 2015, there are still a number of reasons to keep close watch on your estate plan. These include:

- Should your combined marital estate exceed \$10.86 million and you have a desire to avoid the application of 40% estate tax for the excess amounts, we should meet to discuss the utilization of advanced planning techniques such as dynasty trusts, irrevocable grandchild trusts, grantor retained annuity trusts, and/or a number of charitable trusts.
- Annual gift tax exemption remains at \$14,000 for 2015 and is helpful in addressing your planning needs.
- Congress' increase in the federal estate and gift tax exemptions also added "portability" between spouses, thus eliminating the need to split assets between spouses to fully utilize the exemption. While portability is helpful, there are still formalities that must be adhered to in order to ensure you receive the full benefit of portability. Moreover, for estates that are now well below the \$10.86 million exemption, a review of your existing plan is advisable to ensure that any unnecessary formalities are removed from your estate plan.

**2. Section 179 Bonus Depreciation.** On Tuesday, H.R. 5771 was passed retroactively expanding the Section 179 deduction limits through December 31, 2014. This Bill reinstated not only the limit on Section 179 to \$500,000 but also 50% bonus depreciation. It is IMPORTANT to note that only the 2014 tax year is covered by this measure. As a result, you need to make decisions to buy/finance equipment immediately before the calendar year cut-off.

Given that this information is intended only to provide general information in summary form, it is important that you schedule an appointment with our office to discuss how the above items might affect your specific estate plan.

*Curtis A. Bromm*

*Loren L. Lindahl*

*Jovan W. Lausterer*

*Maureen Freeman-Caddy*