

Authors

Jeffrey Billings
414.287.9615
jbillings@gklaw.com



Ryan Van De Hey
608.284.2609
rvandehey@gklaw.com

Estate Planning Practice Group

Shannon Braun
414.287.9568
sbraun@gklaw.com

Gardner Govan
414.287.9440
jgovan@gklaw.com

Jennifer Hannon
608.257.3911
jhannon@gklaw.com

Joan Klimpel
414.287.9267
jklimpel@gklaw.com

Kristi Leswing
414.287.9490
kleswing@gklaw.com

Helaina Metcalf
414.287.9458
hmetcalf@gklaw.com

Jennifer Olk
414.287.9604
jolk@gklaw.com

David Patzer
414.287.9652
dpatzer@gklaw.com

The information contained herein is based on a summary of legal principles. It is not to be construed as legal advice. Individuals should consult with legal counsel before taking any action based on these principles to ensure their applicability in a given situation.

Stimulus, IRS Extended Deadline and Gifting Opportunities**Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**

- President Trump signed the CARES Act on March 27, 2020, a \$2 trillion stimulus package providing \$560 billion of relief for individuals, including:
 - **Cash Payments:** \$1,200 per individual (\$2,400 for couples); plus \$500 per qualifying child¹
 - **Retirement Funds:** Early withdrawal penalties waived for distributions of up to \$100,000, if withdrawal is for coronavirus related purposes
 - **401(k) Loans:** Loan limit increased from \$50,000 to \$100,000
 - **Required Minimum Distributions:** Suspended in 2020 for IRA/401(k) plans, including inherited IRAs
 - **Charitable Deduction:** Up to \$300 charitable deduction for 2020 taxpayers who utilize the standard deduction

Extension of filing and payment deadlines

- The federal and Wisconsin income tax return filing and payment deadline for the 2019 tax year was automatically extended to July 15, 2020
- The federal gift tax return filing and payment deadline for the 2019 tax year was automatically extended to July 15, 2020

Gifting opportunities

- Low valuations, low interest rates and the anticipated reduction in the federal estate/gift tax exemption from \$11.58 million to approximately \$6.5 million on Jan. 1, 2026, have created many planning opportunities, including:
 - Gifts and/or sales to existing or newly established Trusts to take advantage of low valuations and use the \$11.58 million exemption while it is still available;
 - Amending intra-family loans to take advantage of low interest rates; and
 - Creation of charitable lead trusts, grantor retained annuity trusts and other estate planning techniques that benefit from low interest rates.

Estate planning review

Now may also be a good time for clients to review their existing estate plans to make certain that their plans are up to date and consistent with their wishes.

¹ Amounts are phased down for individuals making more than \$75,000 (\$150,000 for couples) and phased out for individuals making more than \$99,000 (\$198,000 for couples)