

# Recent Developments 2013, a Year of Change

Presented by  
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“Change is the Law of Life and those who look only to the past or present are certain to miss the future.”

John F. Kennedy

# Taxation

- Increase in Estate Tax Unified Credit - \$5.25 M
- Unified Credit is Adjusted for Inflation & Portable
- Gift Tax Annual Exclusion - \$14,000
- New Income Tax Brackets:
  - Ordinary Income – 39.5% bracket
    - Married - Over \$450k
    - Single - Over \$400k
  - Capital Gains – 20% bracket
    - Married - Over \$450k
    - Single - Over \$400k

# Taxation

- Healthcare Tax on Net Investment Income – 3.8% on lesser of
  - 1) net investment income or
  - 2) excess of MAGI over threshold (\$250k for MFJ or \$200k for Single)
- Medicare Tax Rate – Additional .9% on earned income in excess of \$250k (MFJ) or \$200k (Single)

# Financial Abuse

- If a person knows, or should know, that another person suffers from mental incapacity and uses that incapacity to take anything of value, the person is guilty of larceny.
- Mental incapacity means the inability to understand the nature and consequences of a transaction
- Exceptions:
  - 1) acted for the benefit of the incapacitated person or
  - 2) made a good faith effort to assist the incapacitated person with the management of money or valuables

# Digital Assets

- Personal Representative of a deceased minor may assume the minor's terms of service for digital accounts
- Adults should expressly authorize their agents and Personal Representatives to assume those terms of service for digital accounts

# Transfer on Death (TOD) Deed

- An owner of real property may execute a TOD deed that:
  - Has no effect on the transferor's lifetime rights to the real property, but is effective to transfer title to the named beneficiaries if they are living at the transferor's death and the transferor still owns the real property

# **Affordable Care Act 2013 Developments**

- Open Enrollment in the Health Insurance Market Place begins October 15<sup>th</sup>
  - No pre-existing exclusions denials
  - Policies cover Essential Health Benefits
- Contribution to Health FSA reduced to \$2500 per year
- Plans are required to provide in-network coverage without cost sharing for contraceptives, contraceptive counseling, breastfeeding counseling and supplies, and screening for domestic violence



# Social Security

- The SSA ended payment of benefit by paper check on 3/1/2013
- Reduced office hours – SSA offices close to the public at noon every Wednesday
- More Online Services – Not only may you apply for benefits online but you can also obtain benefit verification, payment history and an annual report

# Medicare

- Medicare, beginning in 2013, covers depression, alcohol misuse and obesity screenings and counseling, and behavioral therapy for cardiovascular disease
- Closing the Part D doughnut hole: You pay on 47.5% for name brand drugs & 79% for generic drugs
- Standard Part B premium - \$104.50/month

# **United States vs. Windsor**

- The Supreme Court of the United States held Section 3 of the Defense of Marriage Act (DOMA) unconstitutional
- For the purpose of interpreting federal laws and regulations, Section 3 defines marriage in the terms of one man and one woman
- The effect of this ruling on federal benefits (including tax, Medicaid, VA, & Social Security) in states with a state DOMA is still uncertain
- A federal law suit has now been filed to challenge the constitutionality of the Virginia DOMA

# More Change To Come!

- Affordable Care Act
- Social Security
- Medicare
- Veterans Benefits
- Income Taxation

“If you do not change direction, you  
may end up where you are heading.”

Lao Tzu

# Recommendation

- Regularly meet with your attorney & financial advisor to review your Estate & Retirement Plan
- Revise your Plan as necessary due to changes in your circumstances & the law

# *Thank You!*



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