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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

PPC's Guide to Practical Estate Planning

Twenty-eighth Edition (March 2021)

Highlights of this Edition

The following are some of the important new features of the 2021 Edition of *PPC's Guide to Practical Estate Planning*:

- **Gifting Appreciated Property.** There are strategies for gifting property with significant built in appreciation that include charitable giving and upstream gifting. The discussion of these strategies was expanded in this edition (Section 303).
- **Charitable Remainder Trusts with Unrelated Business Taxable Income.** Reg. 1.512(a)-6 providing guidance on identifying separate unrelated trades or businesses that organizations must now report. A brief discussion of these is included in this edition (Section 704).
- **Proposed Fee for Estate Tax Closing Letters.** Proposed regulations allow the IRS to establish a user fee when requesting an estate tax closing letter. An alert was added discussing this fee (Sections 1208 and 1502).

In addition to these featured items, your *Guide* includes the following update items:

| <u>Chapter</u> | <u>Substantive Changes and Additions</u> | <u>Reference</u> |
|---|---|---|
| CHAPTER 3 Lifetime Giving Strategies | 1. Suggested options for asset transfer when the grantor is incapacitated, and fiduciary gifting is not permitted. | Section 309 |
| CHAPTER 4 Wealth Transfer Planning Using Lifetime Trusts | 1. Expanded the definitions and characteristics that differentiate various types of trusts. | Section 401 |
| CHAPTER 7 Charitable Transfers | 1. Added an alert about the charitable contribution provisions for individuals under the Taxpayer Certainty and Disaster Tax Relief Act of 2020. 2. Included a caution that an estate return should be timely filed if the preparer intends to claim an exclusion for a qualified conservation easement. | Section 701 Section 716 |
| CHAPTER 8 Valuation Issues | 1. Provided a benefit to conducting an estate sale of a decedent's personal property. 2. Stressed the importance of carefully drafting formula clause language. 3. Clarified the discussion on valuing special-use property. | Section 801 Section 802 Section 807 |

| <u>Chapter</u> | <u>Substantive Changes and Additions</u> | <u>Reference</u> |
|---|---|------------------|
| CHAPTER 9 Generation-Skipping Transfers | 1. Added an example to clarify the severance of a discretionary trust. | Section 909 |
| CHAPTER 10 Life Insurance and Liquidity | 1. Highlighted the Taxpayer Certainty and Disaster Tax Relief Act of 2020 update of the IRC Sec. 7702 interest rate and added a planning tip. | Section 1003 |
| | 2. Added an example illustrating the benefits of a hybrid life insurance/long-term care policy. | Section 1003 |
| | 3. Clarified the tax results for the policy holder on sale of a life insurance policy by adding a new example. | Section 1008 |
| CHAPTER 12 Marital Transfers | 1. Clarified the planning tip on the importance of using a QTIP trust for allocating the GST tax exemption. | Section 1202 |
| | 2. Included a reference to recently finalized Regulation 1.67-4 clarifying that IRC Sec. 67(g), disallowing miscellaneous itemized deductions subject to the 2% AGI limitation, does not apply to estate or trust administration expenses deductible under IRC Sec. 67(e)(1). | Section 1210 |
| | 3. Provided a planning tip on the importance of defining a "spouse" in a SLAT agreement. | Section 1214 |
| CHAPTER 15 Postmortem Estate Planning | 1. Added a sample letter explaining the Form 8971 Schedule A to beneficiaries. | Appendix 15H |
| | 2. Added a caution that the current high estate tax exclusion may be reduced sooner than the scheduled 2025 sunset, and that consideration be given to making a portability election, even on small estates. | Section 1502 |
| | 3. Expanded the discussion on what Congress appears to have defined as a "reasonable" period of administration. | Section 1502 |
| | 4. Added a discussion on how to claim an income tax refund due to a decedent. | Section 1503 |