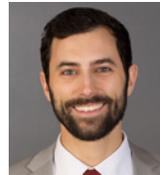




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Allison Grebe Lee
Financial Planner/Trust Officer



Stephen Paul, CPA
Tax Specialist

Tax Cuts and Jobs Act of 2017

The topic on almost every financial professional's mind is "What does the new tax law mean for my clients (and for me)?" The Tax Cuts and Jobs Act of 2017 signed into law in December 2017 is a major overhaul of tax legislation and may lead to significant changes in your future tax planning. Below are just a few of the new components of the Act that could benefit you in 2018 and beyond.

Estate Tax Exclusion

For clients with estates holding more than \$5.6 million for individuals and more than \$11.2 million for married couples, the exclusion news is positive. The lifetime estate tax exemption has doubled to \$11.2 million for individuals and \$22.4 million for married couples. This exclusion is set to expire at the end of 2025 and revert to the 2017 levels noted above. The other good news is that the exclusion will continue to be indexed for inflation indefinitely.

However, this doubling of the exclusionary amount does not help residents of Oregon and Washington on the state tax level. The Oregon estate tax exemption remains at \$1 million and Washington stays at \$2.193 million (indexed for inflation).

Allen Trust Company can help with trusts held in Oregon, Washington and Alaska. In particular, our Anchorage office allows our clients to take advantage of some of the most progressive estate planning and tax savings benefits available in the US. Contact us for more details!

Gift Tax Exclusion/Charitable Donations/529 Plans

The news is also good for gifting. The new tax law does not affect the annual exclusion amount for gifts of \$15,000 per recipient in 2018, up from \$14,000 during 2013-2017. It's important to note that gifted assets do not receive a step-up in basis.

Public charities have received a gift in the increase in the annual maximum deduction limitation for cash contributions from 50% of adjusted gross income (AGI) to 60% of AGI. For example, a taxpayer with AGI of \$100,000 may now receive a maximum deduction of \$60,000. The five-year carryover rule remains, so any contributions in excess of \$60,000 would be deductible in the following years.

If you have children in your life that you are helping fund a 529 plan for, the new tax law now allows up to \$10,000 per year for tuition money for elementary or secondary public, private or religious schools. In previous years funds from a 529 plan could only be used for post-secondary education including college, university or vocational schools.



Tax Help

Penny Hathaway, our Fiscal Manager and resident CPA is joined by Stephen Paul, CPA in our Portland office. Stephen is our new Tax Specialist and brings additional tax expertise for our trust and capital management clients. He and Penny can help you with your 1040 and 1041 tax form needs. We are excited to have Stephen on board!

Allen Capital Management/Allen Trust Company can help you with questions regarding financial planning and taxes. If you are one of our clients, or think you might want to be, please contact us at (503) 292-1041 or via email at allison@allentrust.com.