

## Detailed reporting for estate tax planning under the new tax laws

NaviPlan Extended provides detailed reporting for estate planning. The *Estate Planning Tax Option Detailed Comparison* report allows you to compare the three different Sunset provision options of the new tax act. The *Estate Planning Tax Option Detailed Comparison* report is a comprehensive one, which estate planning professionals find very effective in their daily practice.

Estate Planning Tax Option Detailed Comparison			
Fiction			
Estate Plan - Scenario: Existing Estate Plan (2005)			
At Death of Mark in 2014	As legislated*	No sunset	No sunset no estate tax repeal
Gross Estate	\$1,052,954	\$1,052,954	\$1,052,954
less Liabilities	\$22,809	\$22,809	\$22,809
less Probate Fees	\$1,341	\$1,341	\$1,341
less Administration Fees	\$1,341	\$1,341	\$1,341
less Final Expenses	\$12,767	\$12,767	\$12,767
<b>Adjusted Gross Estate</b>	<b>\$1,014,696</b>	<b>\$1,014,696</b>	<b>\$1,014,696</b>
less Transfer to Spouse (UMD)	\$1,014,696	\$0	\$1,014,696
less Charitable Bequests from Mark	\$0	\$0	\$0
<b>Taxable Estate</b>	<b>\$0</b>	<b>\$1,014,696</b>	<b>\$0</b>
plus Total Lifetime Taxable Gifts	\$0	\$0	\$0
less State Death Tax	\$0	\$0	\$0
<b>Adjusted Taxable Estate</b>	<b>\$0</b>	<b>\$1,014,696</b>	<b>\$0</b>
Taxes Due			
Total Tentative Tax	\$0	\$0	\$0
less Gift Tax Paid	\$0	\$0	\$0
less Applicable Credit	\$0	\$0	\$0
less State Death Tax Credit	\$0	\$0	\$0
<b>Federal Estate Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
plus State Death Tax	\$0	\$34,023	\$0
plus Tax resulting from IRD	\$0	\$0	\$0
plus GSTT on bequests	\$0	\$0	\$0
<b>Total Taxes Due</b>	<b>\$0</b>	<b>\$34,023</b>	<b>\$0</b>
At Death of Barb in 2019	As legislated*	No sunset	No sunset no estate tax repeal
Gross Estate	\$2,902,924	\$2,875,761	\$2,909,784
less Liabilities	\$4,324	\$4,324	\$4,324
less Probate Fees	\$29,029	\$28,758	\$29,098

Collapse Deductions     Collapse Taxes  
 First To Die     Last To Die     Show Summary

- The subtitle describes the specific plan and estate planning scenario being compared.
- The first section of the report is a detailed summary of cash flow upon the death of the first spouse. These are the key entries to note:
  - *less Transfer to Spouse (UMD)*
  - *Taxable Estate*
  - *Adjusted Taxable Estate*
  - *Federal Estate Taxes*
  - *Total Taxes Due*

In our screen shot example, the three tax options produce the same results because the tax laws treat each option the same way. However, significant differences occur after the second death.

- Upon the second death, these are the key entries to note:
  - Taxable Estate
  - Total Tentative Tax
  - Federal Estate Taxes
  - Total Taxes Due

Estate Planning Tax Option Detailed Comparison			
Fiction			
Estate Plan - Scenario: Existing Estate Plan (2005)			
At Death of Barb in 2019	As legislated*	No sunset	No sunset no estate tax repeal
Gross Estate	\$2,902,924	\$2,875,761	\$2,909,784
less Liabilities	\$4,324	\$4,324	\$4,324
less Probate Fees	\$29,029	\$28,758	\$29,098
less Administration Fees	\$29,029	\$28,758	\$29,098
less Final Expenses	\$14,801	\$14,801	\$14,801
<b>Adjusted Gross Estate</b>	<b>\$2,825,741</b>	<b>\$2,799,122</b>	<b>\$2,832,464</b>
less Charitable Bequests from Barb	\$0	\$0	\$0
<b>Taxable Estate</b>	<b>\$2,825,741</b>	<b>\$2,799,122</b>	<b>\$2,832,464</b>
plus Total Lifetime Taxable Gifts	\$0	\$0	\$0
less State Death Tax	\$0	\$0	\$167,257
<b>Adjusted Taxable Estate</b>	<b>\$2,825,741</b>	<b>\$2,799,122</b>	<b>\$2,665,207</b>
<b>Taxes Due</b>			
Total Tentative Tax	\$1,198,443	\$0	\$1,080,143
less Gift Tax Paid	\$0	\$0	\$0
less Applicable Credit	\$345,800	\$0	\$1,080,143
less State Death Tax Credit	\$166,665	\$0	\$0
<b>Federal Estate Taxes</b>	<b>\$685,978</b>	<b>\$0</b>	<b>\$0</b>
plus State Death Tax	\$166,665	\$164,323	\$167,257
plus Tax resulting from IRD	\$0	\$0	\$0
plus GSTT on bequests	\$0	\$0	\$0
<b>Total Taxes Due</b>	<b>\$852,643</b>	<b>\$164,323</b>	<b>\$167,257</b>
<b>Total Taxes</b>			
Total Taxes Due at Mark's death	\$0	\$34,023	\$0
Total Taxes Due at Barb's death	\$852,643	\$164,323	\$167,257
Gift Taxes-Mark	\$0	\$0	\$0
Gift Taxes-Barb	\$0	\$0	\$0
Taxes paid by Trust	\$0	\$0	\$0

Collapse Deductions     Collapse Taxes  
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Notice the significant differences generated by the different application of the tax laws. The estate tax has been repealed in the first two options, so there is no applicable exclusion and no corresponding unified credit. The third option is affected by the estate tax because it hasn't been repealed. The applicable exclusion and corresponding unified credit are still in effect at their increased levels.

The final section of the report compares the net to heirs and charities, and includes growth of these assets.

The *Estate Planning Tax Option Detailed Comparison* report clearly identifies the advantages and disadvantages of different financial planning strategies. With this tool, you can help your clients select the best estate planning scenario.