



The Income Tax is the New Estate Tax

In our video entitled "The Income Tax is the New Estate Tax" Hans and Tom discuss this view of estate planning.

THE INCOME TAX IS THE NEW ESTATE TAX

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- PRE-TAX IRA TAXABLE TO BENEFICIARY
- CAPITAL ASSETS (REAL ESTATE, STOCKS, BONDS) RECEIVE A STEP-UP-IN-BASIS AT DEATH
 - EXAMPLE - STOCK PURCHASED AT \$20 NOW WORTH \$200, BENEFICIARY SELLS IT FOR \$210, TAXABLE GAIN = \$10
- CAPITAL ASSETS (REAL ESTATE, STOCKS, BONDS) HELD JOINTLY RECEIVE 1/2 STEP UP IN BASIS AT FIRST DEATH
 - EXAMPLE - STOCK PURCHASED AT \$20 NOW WORTH \$200, SPOUSE BENEFICIARY SELLS IT FOR \$210, TAXABLE GAIN = \$100
 - \$10 STEPPED UP TO \$100, \$10 NOT STEPPED UP, \$90 + \$10 = \$100 GAIN (AZ, CA, ID, LA, NV, NM, TX, WA, WI - COMMUNITY PROPERTY STATES)
- STRATEGY - MOVE APPRECIATED ASSETS INTO FIRST-TO-DIE SPOUSES INDIVIDUAL NAME - FULL STEP UP IN BASIS
- ONE-YEAR HOLDING PERIOD - BOOMERANG RULE IRC 1014 (e)
- LOSS OF CONTROL, MEDICAID ELIGIBILITY

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