



WALT SHURDEN LAW

December 2015

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Not In My World

By Walt Shurden

My CPA said I can give away \$14,000 to my children every year as an “annual exclusion gift”. That’s Ok right?

I want to address this question now because many people make “annual exclusion gifts” this time of year.

Imagine two worlds. You have to know which world you live in to understand if the CPA’s advice is relevant, or if it is more like the clicking and smacking sound of an alien from another world.

Bookoo

First there is the world of Bookoo. CPA’s, financial advisors, and their clients who have a net worth greater than \$5,450,000 populate this world. If you live in this world you are concerned, rightfully, that your children will have to pay a 40% estate tax at your death on the portion of your wealth that exceeds \$5,450,000. In this world keeping estate taxes low is a priority. Members are often not as concerned about paying for their long term care costs. Here are the Bookoo World rules:

Each Member can pass \$5,450,000 in wealth without paying tax. This is your “credit”. If you exceed your credit you pay a 40% tax on every additional dollar transferred. The IRS has to



keep track of how much of your credit you use during your life so they can figure out when it is time for you to pay them. To keep track of your credit, the IRS requires that you file a gift tax return when you give more than \$14,000 to someone during the year. So, if you give your son \$20,000 you must file a gift tax return. Of the \$20,000 given, \$14,000 does not count (the annual exclusion) against your credit but

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Our Goal

To provide exceptional legal service to our clients.

This Month's Spotlight



Mark Conrad, Awarded for going the Extra Mile

A recent client wanted to recognize Certified Nurse Assistant Mark Conrad for his thoughtful attention to the needs of her husband who was rehabilitating at Carrington Place of St. Pete. Among other things, Mark surprised our clients by bringing a loveseat into the nursing home room so that the couple could sit comfortably together.

We went to Carrington Place to speak with Mark and we learned a lot about this exceptional man. Mark moved to Florida from Michigan 17 years ago. He has been helping nursing home residents "on the floor" and in the therapy department at Carrington Place for 15 years now.

This is not the first time his exceptionalism has been recognized. Mark is a past recipient of the Healing Hands Professional Merit Award. He was actually presented this award by former Surgeon General of the United States, C. Everett Koop. Mark won the award because of another example of his compassion in action. Mark learned that a patient who had been immobilized by a stroke was having a wedding anniversary. After getting permission from his patient, Mark transformed the young man's room into a "Honeymoon Suite". He choreographed the evening of their anniversary that included a special meal and roses for the patient's wife. The patient passed away not long after that evening.

Thank you Mark Conrad for being an outstanding and creative caregiver.

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the additional \$6,000 you gave reduces your remaining lifetime credit from \$5,450,000 to \$5,444,000. So no tax is owed yet, and you can still transfer \$5,444,000 more without paying tax. If you don't have another \$5,444,000 then you are not a member of BookKoo.

The Not-Quite-So-Much World

If your assets are less than \$5,450,000 then you are in the world of Not-Quite-So-Much, where people disregard advice intended for BookKoo and instead focus on their own priorities such as being able to get help paying for long term care and possibly even preserving some assets for the security of loved ones.

Medicaid's Long Term Care Programs and the Veterans Administration are payers of long term care. Neither of these programs recognize an annual gift exclusion. If you mention the \$14,000 annual gift exclusion they will, correctly, look at you as if you are from another world. Medicaid and the Veterans Administration will both soon require you to report all gifts made within their respective look-back periods. Gifts made will result in a period of ineligibility. So if you are a member of Not-Quite-So-Much and you make an annual exclusion gift to your son of \$14,000 every year then when you become frail and need expensive long term care you will be denied help. The CPA's advice is not for you.

Happy Holidays. And don't worry, normal holiday gifting is not penalized!

Passing Down Stories, A Most Valuable Gift

This is the time of year when families get together to celebrate the holidays. Hopefully, each of you will have time together with loved ones or friends. During this year's gathering make sure you spend an hour or so telling the younger family members stories about what it was like before they were born. Kids, of course, love to know specifics about what their parent did when he or she was the same age. They would also benefit from knowing about what it was like during a war, starting a business, or other difficult time you have experienced.

Old pictures have their place, but style changes can make the subject seem foreign. A good story makes a person more human, more understood.

This holiday season, be sure to listen to or share a story from the past. Everyone will be better for it.



Velvet Crumb Cake (an old Bisquick® recipe)

Ingredients

CAKE

1 ½ cups original Bisquick Mix
½ cup sugar
½ cup milk or water
2 tablespoons shortening
1 teaspoon vanilla
1 egg

COCONUT TOPPING

½ cup flaked coconut
1/3 cup packed brown sugar
¼ cup chopped nuts
3 tablespoons butter or margarine, softened
1 tablespoons milk

DIRECTIONS

1. Heat oven to 350 degrees. Grease and flour a 9 inch round cake pan or an 8 inch square pan. In large bowl, beat Bisquick, sugar, ½ cup milk, shortening, vanilla and egg with an electric mix on low speed for 30 seconds, scraping bowl constantly. Beat on medium speed for 4 minutes. Pour into pan.
2. Bake for 30 to 35 minutes or until toothpick comes out clean; cool slightly
3. In small bowl mix coconut, brown sugar, nuts, butter and 2 tablespoons milk. Spread topping over cake. Set oven control to broil and broil for about 3 minutes or until golden brown.



Merry Christmas



*Thank you Hayes for making this beautiful wreath!
I love it.*

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Legal Term of the Month

Domicile – The permanent home of a person. A person may have several residences, but only one domicile.

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