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Trusts & Estates

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Legal Updates

Legislative Stability Maintains for Transfer Taxes

What a difference a year makes. In January 2013, the trusts and estates world was evaluating the short- and long-term effects of the American Taxpayer Relief Act of 2012 (“ATRA”). Congress had chosen a permanent solution instead of a short-term fix, and the frenzy of speculation leading up to the fiscal cliff was followed by a year of analysis and interpretation. In Connecticut, the interplay between the ATRA (which raised the federal exemption to \$5.25 million for 2013) and Connecticut’s recent downward adjustment of the estate tax exemption to \$2 million created a special set of issues.

One year later, the key point to note is that your estate planning documents may need revision. As we stated last year, with stability in place for transfer taxes for the foreseeable future, we advise our clients who were previously in a holding pattern to consider reviewing and updating, if necessary, their estate plans. We especially encourage those clients with pre-2010 plans in place to contact your Shipman and Goodwin trusts and estates attorney, as those plans may generate a Connecticut estate tax on the death of the first spouse.

Changes for Same-Sex Couples

As we stated in our August Alert, the U.S. Supreme Court’s decision in United States v. Windsor granted same-sex married couples tax planning opportunities not previously available. Most notably, same-sex couples married in states that recognize same-sex marriage (these include Connecticut, Massachusetts, and New York) may now incorporate estate planning strategies that take advantage of the unlimited marital deduction and portability.

Exemption and Exclusion Amounts for 2014

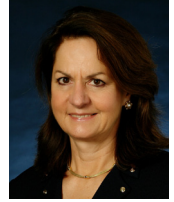
Here are the relevant inflation-adjusted numbers for 2014:

- Federal Estate and Gift Tax Exemption: \$5.34 million
- Federal Generation-Skipping Transfer (GST) Tax Exemption: \$5.34 million
- Connecticut Estate and Gift Tax Exemption: \$2 million
- Gift Tax Annual Exclusion (federal and Connecticut): \$14,000

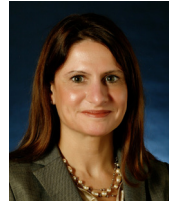


Department News

Lesley I.B. Schless has been honored with a BRAVA Award from the YWCA Greenwich. The BRAVA Awards recognize outstanding women achievers who have excelled in their professional careers and who also volunteer their time and talent to help others. The annual BRAVA Awards support YWCA's free services to victims of domestic violence; scholarships for preschool, afterschool, summer camp and aquatic programs; free women's leadership seminars; and free racial justice activities. We congratulate Lesley on this noteworthy accomplishment.



Danielle P. Ferrucci has been elected a fellow of the American College of Trust & Estate Counsel (ACTEC), which is a national association whose members have made substantial contributions to the field of trust and estate law and have demonstrated the highest level of integrity, commitment to the profession, competence and experience as trust and estate counselors. ACTEC and its Fellows file amicus briefs in appropriate cases, testify before Congress, provide in-depth analysis of administrative positions to the Internal Revenue Service, and assist in the development of best practices for trust and estate lawyers. We congratulate Danielle on this noteworthy accomplishment.



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