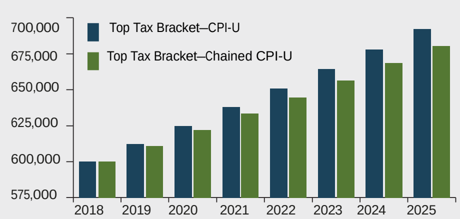
- **Agenda**
    - **Effective Dates**
    - **Income Tax (Individuals, Estates and Trusts)**
        - Inflation Adjustments
        - Tax Brackets
        - Tax Bracket Takeaways
        - Kiddie Tax
        - Cost Basis for sale of securities
        - NII Tax
        - Deductions
        - 529 Plans
    - **Estate, Gift and Generation Skipping Taxes**
        - Key Highlights
        - Estate Planning Considerations

- **Effective Dates**
    - Effective Date is January 1, 2018 with the following exceptions
        - Itemized deduction changes for medical expenses effective January 2017
        - Alimony deduction changes effective January 2019
        - Mortgage deduction changes for debt incurred after December 15, 2017
    - Most individual provisions sunset on December 31, 2025

- **Income Tax Rates (Individuals, Estates and Trusts)**
    - *Inflation adjustments*- The calculation of inflation adjustments to tax brackets has changed from the "Consumer Price Index for All Urban Consumers" (CPI-U) to the "Chained Consumer Price Index Urban" (C-CPI-U)
        - CPI-U tends to rise faster than the C-CPI-U
        - Net effect will be to subject more income to higher tax rates as the brackets are adjusted based on a slower measure of inflation.
        - *This is the only permanent change for individuals.*

Projecting the income level at which the top tax bracket will kick in, over time



Methodology: Analysis uses the average historical inflation adjustment based on both CPI-U and Chained CPI-U (C-CPI-U) going back to 2002.
Source: J.P. Morgan, the U.S. Bureau of Labor Statistics and Internal Revenue Service

Married Filing Jointly and Surviving Spouses			
Pre-Reform Law		**Reform Act of 2017**	
Rate	**(Taxable Income)**	**Rate**	**(Taxable Income)**
10%	$18,650 or under	10%	$19,050 or under
15%	$18,650-$75,900	12%	$19,050- $77,400
25%	$75,900-$153,100	22%	$77,400-$165,000
28%	$153,100-$233,350	24%	$165,000-$315,000
33%	$233,350-$416,700	32%	$315,000-$400,000
35%	$416,700-$470,000	35%	$400,000-$600,000
39.6%	$470,000 and over	37%	$600,000 and over
Standard Deduction	$12,700	Standard Deduction	$24,000

Married Filing Separately			
Pre-Reform Law		**Reform Act of 2017**	
Rate	**(Taxable Income)**	**Rate**	**(Taxable Income)**
10%	$9,325 or under	10%	$9,525 or under
15%	$9,325-$37,950	12%	$9,525- $38,700
25%	$37,950-$76,550	22%	$38,700-$82,500
28%	$76,550-$116,675	24%	$82,500-$157,500
33%	$116,675-$208,350	32%	$157,500-$200,000
35%	$208,350-$235,350	35%	$200,000 -$300,000
39.6%	$235,350 and over	37%	$300,000 and over
Standard Deduction	$6,350	Standard Deduction	$12,000

Head of Household			
Pre-Reform Law		**Reform Act of 2017**	
Rate	**(Taxable Income)**	**Rate**	**(Taxable Income)**
10%	$13,350 or under	10%	$13,600 or under
15%	$13,350-$50,800	12%	$13,600- $51,800
25%	$50,800-$131,200	22%	$51,800-$82,500
28%	$131,200-$212,500	24%	$82,500-$157,500
33%	$212,500-$416,700	32%	$157,500-$200,000
35%	$416,700-$444,550	35%	$200,000-$500,000
39.6%	$444,550 and over	37%	$500,000 and over
Standard Deduction	$9,350	Standard Deduction	$18,000

Single Individuals			
Pre-Reform Law		**Reform Act of 2017**	
Rate	**(Taxable Income)**	**Rate**	**(Taxable Income)**
10%	$9,325 or under	10%	$9,525 or under
15%	$9,325-$37,950	12%	$9,525- $38,700
25%	$37,950-$91,900	22%	$38,700-$82,500
28%	$91,900-$191,650	24%	$82,500-$157,500
33%	$191,650-$416,700	32%	$157,500-$200,000
35%	$416,700-$418,400	35%	$200,000-$500,000
39.6%	$418,400 and over	37%	$500,000 and over
Standard Deduction	$6,350	Standard Deduction	$12,000

Estates and Trusts			
Pre-Reform Law		**Reform Act of 2017**	
Rate	**(Taxable Income)**	**Rate**	**(Taxable Income)**
15%	Under $2,550	10%	Under $2,550
25%	$2,550-$6,000	24%	$2,550-$6,000
28%	$6,000-,$9,150	24%	$6,000-,$9,150
33%	$9,150-$12,500	35%	$9,150-$12,500
39.6%	$12,500 and over	37%	$12,500 and over

Long Term Capital Gains and Qualified Dividends Rates			
Pre-Reform Law		**Reform Act of 2017**	
Tax Bracket	**Tax on LTCG and QD**	**Tax of LTCG and QD**	**Break Points**
10%	0%	*Married Filing Jointly*	
15%	0%	15%	$77,200 to $479,000
25%	15%	20%	$479,000 and above
28%	15%	*Married Filing Separately*	
33%	15%	15%	$38,600-$239,500
35%	15%	20%	$239,500 and above
39.6%	20%	*Head of Household*	
		15%	$51,000-$452,400
		20%	$452,500 and above
		Single Individuals	
		15%	$38,600-$425,800
		20%	$425,800 and above
		Estates and Trusts	
		15%	$2,600-$12,700
		20%	$12,700 and above

- Tax Bracket Takeaways
  - “Marriage Penalty” still exists for tax payers in the top bracket
  - Chained CPI approach will put more taxpayers in higher brackets over time than under the current indexing approach, and this does not sunset after 2025.
  - While the standard deduction is increased, the personal exemption is eliminated.

- Kiddie Tax
  - Historically, the unearned income of a child who is subject to the “Kiddie Tax” ($2,100 and above) was paid at parent’s highest income tax rate.
  - Beginning in 2018, all unearned income of a child will be taxed using the brackets and rates for trusts and estates.
  - It may be better for clients to create Irrevocable Trusts for children rather than gift property to children or create UTMA accounts.

- NII Tax
  - 3.8% annual excise tax on net investment incomes remains

- Cost Basis for Sold Securities
  - Investors may still choose specific shares or lots of securities to sell and will not be required to use FIFO treatment.

- Deductions
  - Most itemized deductions are eliminated
    - Investment Expenses
    - Casualty loss (unless federally-declared disaster)
    - Moving (unless armed services)
    - Alimony
  - Preserves charitable deduction and increases deductibility of cash donation to a public charity from 50% of AGI to 60% of AGI
  - SALT (State and Local Tax, including Property Tax)
    - Deduction is capped at $10,000 for joint filers
  - Mortgage Interest Deduction
    - Capped on indebtedness at $750,000
    - Eliminates HELOC Deduction
  - Medical Expenses
    - 2017-2017: Deduction for out-of pocket medical expenses in excess of 7.5% AGI
    - 2019 and beyond: Deduction for out-of-pocket medical expenses in excess of 10% AGI
  - Qualified Business Income Deduction (VERY GENERAL OVERVIEW)
    - Deduction reduces taxable income for individual business owners of businesses operated in pass-through entities.
      - Because deduction does not reduce AGI, taxpayers in states with tax based on AGI have no state tax benefit.
    - 20% Deduction of "qualified business income" (QBI).
    - QBI
      - Net amount of income, gain, deduction, and loss from an active trade or business within the United States.
      - Capital gains, dividends and interest is excluded, unless the interest is allocable to a trade or business).
      - Reasonable compensation paid to taxpayer is excluded.
    - Deduction does not apply to "service businesses" if the taxpayer has income above a threshold amount. ($315,000 for married filing jointly and $157,500 for others).
    - Deduction limited to 50% of taxpayer's pro rata share of total W-2 wages paid by the business
    - Deduction not available for NII tax.

- 529 Plans
  - Effective for distributions made after December 31, 2017, 529 accounts may distribute up to $10,000 per student per year for tuition at a public, private or religious elementary or secondary school.

- **Estate, Gift and Generation Skipping Taxes**
  - *Key Highlights*
    - Doubling of exclusion amount from $5,600,000 to $11,200,000
    - Increase of annual exclusion gift amount to $15,000 per done
    - Step up in basis for assets at death remains
    - Increased exclusion amounts sunset in 2026 and Act directs the issuance of regulations to address potential "clawback"
    - 40% Tax Rate
    - The exclusion amount for non-resident alien individuals has not changed and remains at $60,000.
  - *Estate Planning Considerations*
    - A Perfect Opportunity to Review Current Estate Planning Documents

• Year	Basic Exclusion Amount
• 2001	$675,000
• 2002-2003	$1,000,000
• 2004-2005	$1,500,000
2006-2008	$2,000,000
2009	$3,500,000
2010-2016	$5,000,000 (inflation)
2017	$5,490,000 (inflated)
2018-2025	$11,200,000 (inflation)

      - Formulaic clauses are used to take advantage of basic exclusion amount and defer estate taxes until the death of the surviving spouse. Some clients created estate plans in the early 2000s with the intent that children would receive $1,000,000 and the remainder would pass to the surviving spouse. The plans include a formulaic clause that provides the children will receive an amount up to the basic exclusion amount with the remainder passing to the surviving spouse. These clauses no longer achieve the intended result

    - The Tax Tail should Never Wag the Estate Planning Dog
      - Very few clients will need Tax Planning
        - In 2018, less than 2,000 decedents will have to pay estate tax.
      - Advantages of trusts in estate planning
        - Appropriate management of assets
        - Creditor protection
        - Protection from divorce
          - Marital Agreements bolster this protection
        - Second Marriages

        - Providing for new spouse while limiting spouse's ability to disinherit children.
    - Business Succession Planning
        - "I want my children to receive 'equal amounts' but 90% of my net worth is in a business and not all of my children are involved in the business."
        - Trusts may be useful tools that allow all children to share in the profits or value of the business upon eventual sale.

- The "Tax Tail" still exists
  - Portability and DSUE
    - A deceased spouse's unused exclusion (DSUE) amount may pass or "port" to the surviving spouse.
    - If the first spouse dies before 2026 the portability election should leave the surviving spouse with a DSUE up to the $11.2 million (indexed) even if the exclusion amount decreases in 2026.
    - Take advantage of the double step-up in basis
  - Allocating Retirement Accounts to Charities
    - If client desires to leave property to charity at death and client has retirement accounts, the client should consider leaving retirement accounts to charities so that other individual beneficiaries receive a tax free inheritance.
  - Do not ignore the Generation Skipping Transfer Tax
    - Without a proper allocation of the GST exemption (which is not portable between spouses), trusts will generally be subject to the GST tax at the death of a beneficiary that is one generation or more removed from the client.
  - State Tax Planning Issues
    - State income tax planning will continue to be important, especially for clients that reside in high-tax states.
    - Irrevocable Trusts that are domiciled in a low or now income Tax state may offer savings if the goal is to grow the trust property (as opposed to distribute the trust property). The limitation of the SALT deduction to $10,000 per year amplifies the benefits of creating or transferring an irrevocable trust in a low or no income tax state.
  - Upstream Gifts
    - Many parents of clients may have no federal estate tax concerns.
    - Clients, who do not need access to appreciated property, may gift this property to a parent. If a parent dies and bequeath the property back to the client, the appreciated property will get a step-up in basis upon the parent's death.

- Planning for High Net Worth Clients ($11 million single and $22 million family).
    - Transfer and Freeze Planning
        - Shifting income producing property to family members who may be in lower income tax brackets
        - Transferring appreciating assets out of client's taxable estate
            - Gifting (uses a portion of basic exclusion amount)
            - Sales (uses a smaller portion of basic exclusion amount and provides cash flow to client)
    - Spousal Lifetime Access Trusts
    - Qualified Personal Residence Trusts

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Solutions

- Tax & Estate Planning
- Business

Dylan helps individuals and families throughout the United States and internationally with their private wealth planning. He focuses on designing plans to minimize tax ramifications and family conflict. Dylan helps his clients identify their family values and goals and he develops legal structures to honor these values and goals while protecting his clients' wealth for themselves and for their future generations. Dylan's clients include high net-worth individuals, corporate executives, closely held business owners and professionals often working in the medical field. Dylan advises his clients on tax-advantaged entity structures including family limited partnerships and limited liability companies, complex trusts, trusts structured to hold inherited qualified plans such as IRAs and 401K, split interest trusts, grantor trusts, and life insurance trusts. Dylan also advises clients on a myriad of business planning issues including choice of entity selection, maintenance and business succession planning. In addition, Dylan regularly represents fiduciaries, heirs and beneficiaries in the resolution of estate and trust-related disputes. Dylan has been named to *Colorado Super Lawyers Rising Stars* list since 2014.

Speaking Engagements

Dylan frequently presents on wealth planning strategies to trust companies, financial advisors, accountants and other attorneys. A sampling of his most recent presentations include:

- "Retirement Plans: Consideration in Estate Planning and Post-Mortem Administration," *Bank of Oklahoma Financial RIA Trust Education Program,* May 2017
- "Deliberate Philanthropy: Charitable Planning Strategies Using Real Property," *Ryley Carlock & Applewhite, LifeSpark Cancer Resources, High Point Financial Group, LLC and Canyon T*, April 2017
- "Directed Trusts," *Colorado Bar Association*, January 2016
- "Use it or Risk Losing it: Portability and Remarriage," *Stinson Leonard Street Estate Planning and Fiduciary Litigation Seminar*, December 2015
- "Family Business Succession Strategies," *New York Life Educational Program*, March 2015
- "Advanced Estate Planning Strategies for Business Owners," *New York Life Education Program*, January 2015
- "Irrevocable Life Insurance Trusts" and "Discount Planning with Trusts," *Foxmoor Continuing Education*, December 2014
- "Estate Planning 101," *Denver Financial Planners Association*, June 2014
- "Charitable Gift Planning: Asking the Philanthropic Question," *National Advisor's Trust Company Shareholder's Conference*, May 2014
- "The Use of Directed and Delegated Trusts: Understanding Fiduciary Responsibilities and Keeping Financial Advisors in the Mix," *Bank of Oklahoma Financial RIA Trust Education Program*, April 2014

Admitted to Practice

Dylan is admitted in Colorado; in the U.S. District Court, District of Colorado; and the U.S. Court of Appeals, Tenth Circuit.

Education

In 2008, Dylan received his J.D. from the University of Denver Law School and his M.B.A. from the University of Denver; in 2014, he obtained his LL.M. in Taxation. He earned a B.S. from the University of Arizona in 2004.