



# The SILVER LINING to COVID-19 Impact

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Now is the Perfect Time for ESTATE PLANNING for Wealth Transfer

## The WHY #1

### Estate Exemption at Historic High

- Current exemption: \$11,580,000 per person
  - Excess taxed at 40%
  - Basis step-up at death
- 2026 exemption returns to \$5m (adjusted for inflation)
- Joe Biden favors exemption of \$3.5m
  - Excess taxed at 45%
  - No basis step-up



## The WHY #2

### Depressed Market Values

- 29,551 - February 12, 2020 - Stock market high
- 2,013 - March 9, 2020 - Largest single day drop in history
- 19,028 - March 23, 2020



## The Why #3

### AFR & 7520 Rates at Historic Lows

Each month the IRS publishes certain market-based interest rates, the "Applicable Federal Rates" (AFRs) and the "Section 7520" rate.

The May 2020 rates represent historic lows, which also contributes to creating the silver lining in today's environment.

#### Estate Planning Techniques

Most forms of wealth transfer planning requires 2 things over which the planner has no control:

- Market based success
- Life expectancy - need time horizon

#### Why Life Insurance?

Insurance serves as a mortality hedge because it is not correlated to:

- Market
- Most planning techniques

For more information or further discussion on this topic, please reach out to our in-house advanced planning expert Terri Getman, JD, CLU, ChFC, RICP, AEP (Distinguished) at ext. 230.

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