

A Sense of Urgency Planning for What's Next During the Pandemic



Your adult child is hospitalized with Covid-19 and requires intensive care. Your college-aged kid suffers an accident and is rushed to the emergency room. As a parent, you want to be there to answer questions from doctors and make critical decisions—but without a power of attorney in place for the child, you can't legally advocate for them.

Often, we think of these important documents for older adults, but they are just as important for children who are at least age 18. Especially given the current environment, with some universities ordering quarantines, anyone who is a legal adult should have healthcare and financial powers of attorney in place.

How do these documents work? A healthcare power of attorney designates medical decision-making to an individual, and the financial power of attorney allows a named individual to oversee the finances. The two planning documents work hand-in-hand. These documents will ensure that as a parent, you can still make important decisions, including accessing health records for your child who might not be able to do so because of illness or injury. Without a power of attorney in place, you could get shut out during your child's time of need.

Putting in place powers of attorney for healthcare and financials is always important, but clients are approaching the process with a greater sense of urgency now. Don't wait. Except through court proceedings, whether your children are living at home or on their own, you can only legally make decisions on their behalf if a power of attorney names you as a decision-maker.

What to consider: Walk through the planning process together and use it as a valuable learning experience and springboard for discussions about healthcare and finances. A professional with Ritter & Randolph can guide you and your children through the estate planning journey and tailor plans that protect you and your family.

A Generous Estate Tax Exemption



Recent legislation has significantly affected the estate planning landscape. The Tax Cuts and Jobs Act enacted in 2017 doubled the amount exempt from federal estate taxes. In 2021 that amount is \$11.7 million for an individual and \$23.4 million for a married couple, which gives families significant leeway in avoiding estate tax.

Further, the SECURE Act enacted in 2019 includes sweeping changes to retirement accounts. Among those changes:

- The age for required minimum distributions is now 72 for those who turned 70-1/2 on or after January 1, 2020.
- The maximum age for contributing to an IRA – previously 70-1/2 – has been eliminated.
- Most “stretch” inheritance provisions have been eliminated and replaced with a new 10-Year Rule. Under the 10-Year Rule, which is the most significant change, inherited retirement accounts for many non-spouse beneficiaries will need to be distributed by the end of the 10th year following the year of inheritance.

The Take-away: In light of these recent changes, many individuals should speak to their estate planning attorney to determine how the new legislation may impact them.

What To Do with a Deceased Loved One's Stimulus Check



With additional rounds of stimulus dollars distributed in 2021, a family member who passed away last year might get a check deposited. What should you do with the money? Simply put: Return It.

The IRS offers this guidance: “Return the entire payment unless it was made to joint filers and one spouse is still living. In that case, return half the payment, but not more than \$1,200. If someone can't deposit a check because it was issued to both spouses and one spouse has died, the individual should return the check. Once the IRS processes the returned payment, an Economic Impact Payment will be reissued to the surviving spouse.”