

Hi, just a reminder that you're receiving this email because you have expressed an interest in Community Foundation of Orange & Sullivan. Don't forget to add admin@cfoc-ny.org to your address book so we'll be sure to land in your inbox! This newsletter is best viewed from a PC. A web version is also available at <https://cfosny.org/under-advisement-newsletters>.

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Charitable Advice & Tips of the Trade for Professional Advisors



Bonnie Orr,
CPA

ADVISOR INSIGHT Estate and Gift Tax Exclusion Increased

The Tax Cuts and Job Act has again increased the basic exclusion amount for federal estate and gift taxes and the exemption amount for the generation-skipping transfer (GST) tax. This means your clients can now give more to their heirs, estate-tax-free.

The 2019 exclusion amount is \$11.4 million, up from \$11.18 million last year, and more than double from \$5.4 million in 2017. **That means your clients can leave \$11.4 million to heirs and pay no federal estate or gift tax, and, your married clients will be able to shield \$22.8 million. For the very wealthy, these numbers represent planning opportunities. For everybody else, they should caution that even if you don't have a taxable estate, having an estate plan is still recommended.**

This year, the annual gift exclusion amount remains the same, at \$15,000. On Nov. 20, 2018, the IRS clarified that individuals taking advantage of the increased gift tax exclusion amount in effect from 2018 to 2025 will not be adversely impacted after 2025 when the exclusion amount is scheduled to drop to pre-2018 levels. **This means your clients can give away \$15,000 to as many individuals as they'd like. A husband and wife can each make \$15,000 gifts. So, a couple could each make \$15,000 gifts to each of their four grandchildren, for a total of \$120,000. Lifetime gifts above the annual exclusion amount count towards the \$11.4 million combined estate/gift tax exemption.**

Ashlea Ebeling, of *Forbes* magazine, however, warns that the \$22.8 million threshold per couple for

federal estate or gift tax exemption per couple isn't automatic. **An unlimited marital deduction allows your clients to leave all or part of their assets to their surviving spouse free of federal estate tax, BUT, to use their late spouse's unused exemption - a move**



called "portability" - you must elect it on the estate tax return of the first spouse to die, even when no tax is due. For example, Jane Doe, a wealthy widow, dies in 2018 leaving a taxable estate of \$20 million. Her late husband, John, died earlier in 2018, having used only \$2 million of his available estate tax exclusion amount. If the executor for John's estate filed the portability election, Jane's estate will owe no federal estate tax. If the couple had died in 2017, the estate tax payable would have been \$4.4 million.

Because the doubling of the estate and gift tax exclusion amount expires for decedents dying and gifts made after December 31, 2025, **the next several years present a tremendous opportunity for wealthy individuals and married couples to make large gifts**, including those that leverage the amount of available exclusion, such as those to Grantor Retained Annuity Trusts (GRATs).

According to the IRS Statistics of Income tables for tax year 2016, a total of 5,219 taxable returns were filed as compared to 7,192 nontaxable returns. Of the taxable returns, just over 2,400 fell within the \$5 million to \$10 million gross estate range, with almost 1,300 in the \$10 million range. Only 300 returns were filed with gross estates in excess of \$50 million. These statistics primarily reflect data from the estates of decedents who died in 2015, when the basic exclusion amount was \$5.43 million, but also include some returns for decedents who died in years prior to 2015, as well as a small number of estates with respect to deaths that occurred in 2016. **The large increase in the basic exclusion amount after 2017 will no doubt lead to further decreases in the number of taxable estates.**

Generation Skipping Transfer Tax Exempt Amount Increases, Too

When it comes to arranging for gifts and bequests to loved ones, most planning strategies focus on avoiding or minimizing the federal gift and estate taxes, described above. But there's also another important consideration: the **Generation Skipping Transfer tax (GST)**, which applies to those who transfer wealth to people more than one generation younger than themselves (typically their **grandkids**). Portability does not apply for purposes of the GST tax. For 2019, the lifetime GST tax exemption is set at \$11.4 million (same as the estate and gift tax exemptions). **Whenever you help your clients arrange for big gifts or bequests, make sure you take the GST tax rules into account. They can come into play in unexpected ways.** Generation-skipping gifts in excess of the \$11.4 million exemption are hit with the GST tax at a flat 40% rate. Because the GST tax is on top of the 40% gift tax rate, you should counsel your clients to avoid transfers that get hit with the GST tax.

Corresponding Adjustments with Respect to Prior Gifts

In addition to the increase in the basic exclusion amount, the Tax Cuts and Jobs Act modifies the computation of gift tax payable and estate tax payable in cases where gifts have been made in prior years. With respect to the computation of gift tax payable, the tax rates in effect at the time of the decedent's death are used rather than the rates that were in effect at the time the gifts were made.

Bonnie Orr is a partner and shareholder of JGS, CPA, PC, formerly known as Judelson, Giordano & Siegel, CPA, P.C. Bonnie provides tax and accounting advice to a wide range of businesses and specializes in estates and trusts. Bonnie works closely with clients and their attorneys, providing estate and personal tax planning strategies to maximize the transfer of wealth to future generations while also providing for a long and comfortable retirement without losing sight of a client's current financial needs. Bonnie has worked extensively in the complex areas of the generation skipping tax, living trusts, life insurance trusts, personal residence trusts, charitable remainder trusts, special needs trusts and family limited partnerships. Bonnie currently serves as an officer and board member of several local charities, including the Community Foundation of Orange and Sullivan. She is also a past president of the Hudson Valley Estate Planning Council.

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UPCOMING EVENTS

**October 26
2019**

Hudson Valley Estate Planning Day: 8:00 am-2:00 pm, Henry A. Wallace Center at the Franklin D. Roosevelt Presidential Library and Home, 4097 Albany Post Road, Hyde Park, 12538. Learn the best techniques from and have your questions answered by six renowned experts in the estate planning field. \$20 per person includes a continental breakfast, bound reference guide, lunch and refreshments, free parking, and a free, self-guided tour of the Presidential Library. Topics: Medicare and Medicaid, the use of wills and trusts, planning for the costs of long-term healthcare, charitable giving, snowbird planning, and social security. Community Foundation of Orange and Sullivan is a proud major sponsor. Stop by our booth to learn more about how we can work with you and your clients. **REGISTER ONLINE.** Reserve early - seating is limited.

**November 20
2019**

Community Foundation of Orange and Sullivan's 20th Anniversary Celebration and 2019 Annual Reception: 5:30-8:30 pm, Anthony's Pier 9, 2975 Route 9W, New Windsor, 12553. **You're Invited!** Come learn more about us and celebrate our success! Network with other professional advisors. Honorees: **Gerald N. Jacobowitz, Esq.**, Founding Partner at Jacobowitz & Gubits, LLP, and **Bold Gold Media Group.** **Sponsorships, journal ads and reservations available here.**

**December 3
2019**

Giving Tuesday: Celebrated on the Tuesday following Thanksgiving, and fueled by the power of social media, Giving Tuesday inspires millions of people across the globe to give back to causes and issues that matter to them. Encourage your clients and staff to participate. **The Community Foundation website offers hundreds of ways to donate easily and charitably. Click here to donate.**

**May
2020
(Final date
TBD)**

What Every Advisor MUST Know: How to Help Your Clients Protect Their Assets - Professional Advisors Seminar. Hosted by the Community Foundation of Orange and Sullivan and featuring guest speakers **Marc Selden, J.D., LL.M.**, Member: Cozen O'Connor, NYC, and **Richard J. Shapiro, J.D., CELA**, Partner: Blustein, Shapiro, Rich & Barone, LLP. Details to Follow. Fees: \$35 NYSSCPA members; \$40 non-members. **CREDITS** (pending): Attorneys - 2 CLE; CPAs - 2 CPE. **For more info: admin@cfosny.org or (845)769-9393.**

Keep It Moving

For years I viewed our nation's opioid crisis as something that happened to other people. Then it landed on our doorstep when Zane, the son of our dear friend, Lauren Mandel, overdosed and died right after starting his first job fresh out of college. Whatever Zane thought he was buying, he actually got fentanyl. Lauren, a community health nurse, needed to do something. So she gathered her friends, all of whom are also registered nurses, and began setting up tables at street fairs and 5K races to hand out Narcan kits and teach people how to use them. They needed a name for their activity. One of Zane's cousins had been asked how he was coping following the death. He said "I am keeping it moving." So Keep It Moving got its name. The group's goals are more ambitious than just training people in Narcan. They also want to provide young people with healthy alternative activities, especially those out in nature such as skateboarding, snowboarding, camping and hiking.



Gary M. Schuster, Esq.

When Lauren told me she wanted to start a 501(c)(3) nonprofit, I instead persuaded her to allow the Community Foundation to serve as fiscal sponsor. I told her, if you are still around in three or four years, and if you've succeeded in raising thousands of dollars, then you can start your own nonprofit. Until then, you don't need to be worrying about bylaws and tax returns and all the rest. Let the Community Foundation do that for you.



Having joined with the Community Foundation, Lauren is very happy with the choice. She has gained access to the philanthropic community in the region. She has peace of mind knowing her funds are being handled properly. Donors also have confidence that their contributions are handled properly. Keep It Moving has gained legitimacy through the association with the Community Foundation. Keep It Moving is also promoted to the public by appearing in the Community Foundation [annual report](#), [website](#), and this and other [Giving Matters newsletters](#). The promotion is working. Keep It Moving was invited to participate in the New York Attorney General's recent [opioid roundtable](#) in Newburgh.

For more information about Keep it Moving, look for them on [Facebook](#) or send an email to keepitmovingzane@gmail.com. Donations are gratefully accepted and tax-deductible to the extent allowed by law, and can be made via the Community Foundation online [here](#). Checks, payable to CFOS-KeepItMoving can be mailed to the Foundation at 30 Scott's Corners Drive, Suite 203, Montgomery, NY 12549.

HOW THE COMMUNITY FOUNDATION CAN HELP:

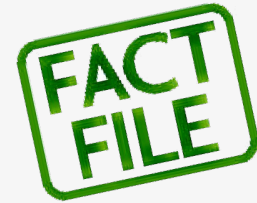
The Community Foundation may offer fiscal sponsorship for new charities/charitable initiatives.

Typically, these projects do not yet have an IRS determination letter. Applicants often include community groups planning specific, finite projects that are charitable in nature and in furtherance of the Foundation's mission. In addition to Keep it Moving, the Foundation currently serves as fiscal sponsor for 16 local projects, including: [Illuminate Goshen](#), [Washingtonville Community Events Council](#), [Newburgh Illuminated](#), [Warwick Playground Dreams](#), and the [Village of Chester Community Association](#). All applications for fiscal sponsorship must be reviewed and approved by the Foundation's Board of Directors. [More information can be accessed here](#) or by calling the Foundation office at (845) 769-9393.

Gary M. Schuster, Esq. is a partner with Jacobowitz & Gubits, LLP. His varied practice includes formation, transactions and counseling for corporations, LLCs, partnerships and nonprofits; purchases and sales of businesses; commercial and residential real estate transactions and leasing; franchising; estate planning, administration and litigation; guardianship proceedings; and media, copyright and trademark. Gary has extensive experience as both a board member and attorney representing many kinds of nonprofits including those in economic development, health and human services, arts and culture, education, animal welfare, social clubs, sports, veterans and more. He advises on issues including formation, dissolution, merger, governance, fundraising, compliance, real estate, taxation and tax exemption, transactions, conflict of interest, employment and labor, political activity, loans and finance, trademarks, and other issues. He is currently on the board of the New York Council of Nonprofits (NYCON), The Orange County Citizens Foundation, and the Orange County Arts Council.

Gary Schuster, Esq.

FASCINATING PHILANTHROPY FACTS



Did you Know?

- According to the Associated Press (June 18, 2019) and Giving USA, charitable giving by individual Americans decreased in 2018. Further, charitable giving by individual Americans in 2018 suffered its biggest drop since the Great Recession of 2008-09, in part because of Republican-backed changes in tax policy, the article reported.
 - According to the recent research from Giving USA, donations from individuals in 2018 dipped to 68% of all charitable giving. This is the first time in at least 50 years that there was a drop below 70% of overall giving.
 - *The Chronicle of Philanthropy* identifies a movement for youthful donors, indicating that millennials are ready to give bigger, and dig deeper, have estate plans. A February 2019 article states that charities have lots of bequests coming as 63% of millennials have a will and 38% of them plan to make at least one charitable gift.
 - Amid a complex climate for charitable giving, American individuals, bequests, foundations and corporations gave an estimated \$427.71 billion to U.S. charities in 2018, according to Giving USA 2019: The Annual Report on Philanthropy for the Year 2018. Total charitable giving rose 0.7% measured in current dollars over the revised total of \$424.74 billion contributed in 2017. Adjusted for inflation, total giving declined 1.7%.
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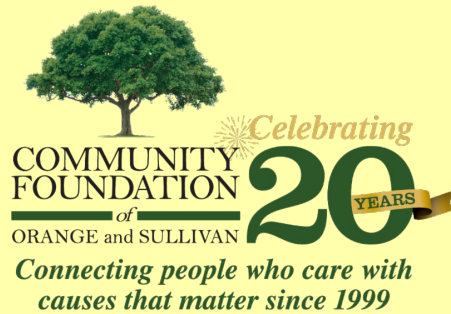
PHILANTHROPY IN THE NEWS



**How Philanthropy Can Catalyze Private Investment
in Opportunity Zones ([Philanthropy News Digest,](#)
March 2019)**

**Millennials Are Changing the Landscape of Social Change,
Report Finds ([Philanthropy News Digest,](#) July 2019)**

**Four Key Questions to Ask A Financial Advisor ([Forbes,](#) July
2019)**



"Connecting People Who Care With Causes That Matter"

We connect people who care with causes that matter by helping people, business, and organizations establish charitable endowment funds that award grants and scholarships now and forever. We are one of about 800 community foundations in the U.S. and 1,800 across the globe, all which function very similarly. We offer a variety of different types of funds to help your clients fulfill their charitable wishes.

Since our establishment in 1999 we have grown immensely, now administering more than 300 charitable funds that represent more than \$31.5 million in philanthropic capital for our region. Through the generosity of donors and fund representatives, funds at the Foundation have awarded more than \$14 million in grants and scholarships to date.

Our President & CEO and our Director of Development are always available to help advisors meet their clients' charitable giving needs.



Elizabeth Rowley
President & CEO
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Michelle Hathaway
Director of Development
michelle@cfosny.org

Additionally, we can provide:

Personalized gift planning illustrations for your clients - ranging from charitable remainder trusts, charitable lead trusts, wealth replacement options and insurance trust illustrations.

Confidential gift planning through anonymous charitable funds.

Legal review of fund documents by our own legal counsel.

Portable Tools for Professional Advisors

[Click Here for Tools & Resources](#)

SAVE THE DATE: NOVEMBER 20, 2019



COMMUNITY
FOUNDATION
of
ORANGE and SULLIVAN

Annual Reception

Celebrating
20
YEARS
of Service to the Region

**Learn more about our Annual Reception - Honorees,
Sponsorships, Journal Ads & Reservations**

thank
you!

The following Professional Advisors have recently sent referrals to the Foundation which have resulted in new or potential charitable funds. We acknowledge your professionalism and are grateful for your support and partnership:

Allison Capella, Esq.

Maureen Crush, Esq.
Crush & Varma Law
Group

Kevin DeHond
The Affinity Group,
LLC

DeRienzo & Rossi
CPAs

Frank Dwyer
Rhinebeck Asset
Management

Glen L. Heller
Drake Loeb

Tom McGimpsey
Hudson Valley
Investment
Advisors

Lisa Mulshine, CPA

Bonnie Orr, CPA
JGS, CPA, PC

Howard Protter, Esq.
Jacobowitz & Gubits,
LLP

Rich Shapiro, Esq.
Blustein, Shapiro,
Rich & Barone, LLP

Thank You
Merci
Gracias

Our community is home to many of the brightest attorneys, accountants, and financial advisors in the region. We are proud to offer easy ways for professional advisors to work with us to meet the philanthropic planning needs of your clients. You won't find a better partner anywhere else.

**Interested in learning more? Please reach out.
michelle@cfosny.org 845.769.9393 cfosny.org**



Send to a Colleague

STAY CONNECTED:

