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Steve Leimberg's Income Tax Planning Email Newsletter - Archive Message #240

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From: Steve Leimberg's Income Tax Planning Newsletter

Subject: Linda Kotis: The Ides of March Can Bring Good Tax Luck

“March 15 is the Ides of March. Instead of dreading the day, why not adopt its original meaning of rejoicing and celebration and bring good tax luck to someone you love?”

Linda Kotis provides members with commentary about making tax-advantaged gifts to loved ones.

Linda Kotis is Of Counsel in the Washington, DC office of **Ivins, Phillips & Barker**, a firm ranked by Chambers in its 2022 *High Net Worth Guide*. She is a member of the District of Columbia, California, Indiana, and Maryland Bars. Linda advises clients on forming and revising their estate plans and analyzes estate, income, generation-skipping transfer, and gift taxation matters for high-net-worth individuals and families. Linda's significant experience includes modification of trusts through mergers, decanting, and nonjudicial settlement agreements, analysis of complex state trust administration and non-tax issues, the administration of high-net-worth estates, charitable gift planning, marital agreements, post-mortem planning, and probate matters. Linda's most recent articles for **LISI** include [*Making Amends - Baker v. Baker and the Case of the Missing Trust Caption*](#) (February 16, 2023), [*Go Tell It On The Mountain - Reasons to Talk about Your Philanthropy*](#) (December 27, 2022), [*Lessons from a Trust-Maker: Have Faith in Creative Drafting*](#) (October 13, 2022), [*Rotert v. Stiles and Dead Hand Control: Why Indiana Can't Be "Trusted" to Prohibit Public Policy Violations*](#) (April 13, 2022), and [*Mann Up! Accept that Your Gift of a Deconstructed House is Less than the Sum of its Parts*](#) (March 24, 2021) with co-author Ken Jefferson of Holland & Knight LLP. She is a co-author with Andrea Dykes and Carolyn Rogers, both of Howard Insurance, of *Maryland Enacts New Elective Share Law: Increased life insurance planning opportunities for states that have adopted the augmented estate concept*, *Wealth Management's Trusts & Estates* (August 11, 2020) and *The 2020 Election in Maryland: It's Not About Politics*, *Probate & Property* magazine (July/August 2020), and other articles in *Washington Lawyer*,

Bloomberg BNA Daily Tax Report, and *Wealth Strategies Journal*. Among Linda's recent presentations on estate planning are a 2022 webinar with co-presenter Gina Lynn, Esq. based on Linda's LSI article *Lessons from a Trust-Maker* and a 2020 webinar with co-presenter Judith Barnhard, CPA, of Councilor Buchanan & Mitchell at the Greater Washington Society of CPAs' 2020 Nonprofit Symposium (December 14, 2020) on *Planning to SECURE Charitable Gifts: How the SECURE Act Supports Donations of Retirement Assets*, Linda is an active member of the Estate Planning Council of Montgomery County, Maryland.

Here is her commentary.

EXECUTIVE SUMMARY:

Most people know that March 15 is called the Ides of March. Some consider it to be an omen of disaster. Here's some historical background which offers a different perspective:

You've probably heard the soothsayer's warning to Julius Caesar in William Shakespeare's play of the same name: 'Beware the Ides of March.' Not only did Shakespeare's words stick, they branded the phrase—and the date, March 15—with a dark and gloomy connotation. . . . But the Ides of March actually has a non-threatening history. Kalends, Nones and Ides were ancient markers used to reference dates in relation to lunar phases. Ides simply referred to the first new moon of a given month, which usually fell between the 13th and 15th. In fact, the Ides of March once signified the new year, which meant celebrations and rejoicing.^[i]

Instead of dreading the day, why not adopt its original meaning of rejoicing and celebration and bring good tax luck to someone you love?

COMMENT:

Here are five ways to make tax-advantaged gifts that benefit your family members and friends:

- **Use an annual exclusion gift to pay part of your child's mortgage.** By gift splitting, you and your spouse may give up to \$34,000 as an annual exclusion gift. Your child pays no taxes on the gift, and the gift doesn't use up any of your lifetime gift tax exemption (now \$12,920,000).
- **Give your less wealthy parent some amount of assets worth less than his or her generation-skipping transfer (GST) tax exemption.** When grandma or grandpa bequeaths the property to trusts for your children (his or her grandchildren) at his or her death, the GST tax exemption (also now \$12,920,000) shelters the gift. This preserves your exemption for gifts to your own grandchildren.
- **Donate appreciated stock to a charity supported by your best friend.** Don't sell the stock first and then use the proceeds to make a cash contribution. By making your donation of appreciated stock instead, you avoid capital gains when your stock has been held for over one year. Plus, the charitable contribution may be taken as an itemized deduction on your income tax return.
- **Open a custodial Roth IRA account for your child.** You may contribute to a custodial Roth IRA account when your minor child has earned income during the year. Income includes cash earned from babysitting, mowing a neighbor's lawn, or tutoring, for example. Contributions are limited to the amount of income earned by the child and may not exceed \$6,500 for tax year 2023. The Roth IRA grows tax-free during the child's lifetime and teaches your child the value of planning for the future.
- **Create a Spousal Lifetime Access Trust (SLAT) for your spouse.** Your spouse may serve as trustee and make distributions to himself or herself and to your kids, if they are also included as beneficiaries. Benefits from the SLAT are also indirectly available to you, the grantor. For example, distributions to your spouse from the SLAT may be used by him or her to cover your joint household costs, mortgage payments, vacation expenses, or car payments. These are expenses you might have otherwise paid directly if the assets transferred to the trust had still been held in your own name.

Concluding Observation

Taking a page from history, the Ides of March offers a chance each year to celebrate and demonstrate our affection for spouses, parents, children, other family members, partners, and friends. What better way to honor those in our lives than to share our good fortune with them through tax-advantaged gifts.

HOPE THIS HELPS YOU HELP OTHERS MAKE A *POSITIVE* DIFFERENCE!

Linda Kotis

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CITATIONS:

^[1] Martin Stezano, “Beware the Ides of March. But Why?”, accessed at <https://www.history.com/news/beware-the-ides-of-march-but-why>.