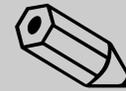


Planning Points



The Karp Law Firm, P.A. *"Your Peace of Mind is Our Priority"* 2018 Annual Newsletter

From Mr. Karp

Last year Florida experienced its first major hurricane in many years. Thankfully, Hurricane Irma did little damage to our immediate area.



Strong *political* winds also blew in last year, presenting our clients with both new opportunities and perils. We inform you about these recent developments in this newsletter. However, keep in mind that laws and regulations are always fluid. Change is the only constant. To protect your family and your assets, you must be ready to adjust your sails as conditions require. The attorneys at The Karp Law Firm will continue to keep an eye on the weather for you!

All the best!

The New Tax Law And You

The Tax Cut and Jobs Act became law in the waning hours of 2017, creating the most dramatic changes in the federal tax structure since the Reagan era. Analysts are examining the law's impact even as this newsletter goes to press. Here is what we know so far about the changes most likely to affect our clients.

Individual Tax Rates

Most individual taxpayers will see a small reduction in their tax rates. But unlike the corporate tax cuts, which are permanent, individual taxpayer rates are temporary and will revert to their 2017 levels on January 1, 2026.

Estate Taxes

Very few estates have been taxable in recent years, thanks to a generous unified gift and estate tax exemption. Now, even fewer will be. The law doubles the exemption to \$11.2 million for an individual, and potentially, \$22.4 million for a married couple. But as with the new individual taxpayer rates, this provision is temporary. On January 1, 2026, the exemption is scheduled to revert back to 2017 levels: \$5.6 million for an individual, and \$11.4 million for a married couple (plus inflationary adjustments).



THE KARP LAW FIRM, P.A.

Elder Law·Estate Planning & Administration·Probate·Estate Litigation·Special Needs Planning·
Medicaid & Veterans Benefits Planning

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Because the new exemption levels are not permanent, do not be lulled into a sense of false security. The new exemptions — or any of the law’s provisions, for that matter — could terminate even *before* 2026, for two reasons. First, the \$1.5 trillion deficit generated by the tax cuts may not be offset if economic growth fails to meet projections, in which case the government will need additional revenue. Second, the law lacks bipartisan support. Depending on the future health of the economy and the outcome of the 2018 and 2020 elections, we could see the estate tax exemption change sooner than 2026.

Medical Deductions

The original House version of the bill eliminated medical expense deductions, which would have had a disproportionately negative impact on older and disabled individuals. Fortunately, the final bill *keeps and expands* the medical expense deduction. Taxpayers may now deduct medical expenses in excess of 7.5% of adjusted gross income.

Home Mortgage Interest Deduction

For existing mortgages taken before December 15, 2017, the rules are unchanged: You may deduct interest on mortgages up to \$1 million. For mortgages taken on or after December 15, 2017, the deduction is now limited to loans up to \$750,000. You can no longer deduct interest on home equity loans.

529 Plans

The funds in a 529 plan are no longer limited to higher education. Under the new law, up to \$10,000 per year, per beneficiary, may be used for elementary or secondary education at a private or parochial school, as well as for certain home-schooling expenses.

Standard Deduction and Charitable Giving

The standard deduction has increased (\$12,000 for single filers, \$24,000 for married couples). Therefore, fewer taxpayers will itemize. If you do not itemize, you may not deduct charitable donations. We doubt this will have much impact on most of our clients, who generally donate to charity for reasons unrelated to tax advantages. Unchanged by the new law: If you are over 70 1/2, you may still transfer up to \$100,000 annually from your IRA to charity without paying taxes on the transferred funds.

Annual Gift Tax Exclusion (This Is Unrelated To New Tax Law)

Note that the annual gift tax exclusion is now \$15,000 (was \$14,000). You may give away this amount to as many beneficiaries as you wish each year without affecting your lifetime exemption.

We will continue to post updates on the new law as developments warrant. Check out our web site, blog, Facebook page, Twitter feeds, and subscribe to our monthly e-newsletter to stay current. See the last page of this newsletter to learn how to access these resources. □



Never be afraid to do something new. Remember, amateurs built the ark; professionals built the Titanic.
- Anon.

Need Tax Help?



Rebecca Maglio, C.P.A., can assist with your income tax returns. You do not need to be a client of our law firm to use our accounting services. Don't wait until the last minute!

Contact Ms. Maglio by email or phone:

RMaglio@karplaw.com

Direct: 561-472-6066

Palm Beach Gardens: 561-625-1100, Ext. 109

Port St. Lucie: 772-343-8411, Ext. 109

Boynton Beach: 561-752-4550, Ext. 109

Toll Free: 800-893-9911, Ext. 109

Legal Problem? Call Us!

We receive frequent requests from both clients and non-clients seeking referrals to lawyers who can assist them with issues our firm does not handle. In some cases, callers have been injured in an auto accident; fallen because of someone else's negligence; sexually harassed by an employer; discriminated against because of age; subjected to medical malpractice; or have a loved one who has been abused or neglected in a nursing home. In 2017, we referred many people to trial lawyers, resulting in settlements or verdicts of over \$1 million! No matter your legal issue, call us. We will be happy to provide you with a referral to an attorney we know and trust. □



The mistake a lot of politicians make is in forgetting they've been appointed and thinking they've been anointed. - Mildred Webster Pepper

Time To Review Your Financial Plan

Congress appears to be considering making changes to the traditionally untouchable "third rails" of American politics: Medicare, Social Security and Medicaid. Any changes could significantly impact our clients' financial security. How this will unfold is anyone's guess. At this point, it is important for you to review your financial plan. A competent financial advisor can help position you to preserve or grow your assets during this uncertain time.

Putting aside the volatile political climate, there are additional reasons to revisit your financial plan now. First, just as de-cluttering your home is wise, so is decluttering your finances. We have seen many personal representatives and trustees spend endless hours chasing down assets scattered among multiple accounts and financial institutions, or expend unnecessary fees for someone else to do it. A financial advisor can simplify your financial life by consolidating your accounts under one umbrella.

Second, in our experience with married couples, we find that one spouse usually handles the finances. If he/she is the first to pass on, the survivor can face enormous stress trying to take over the job. But if a couple has an established relationship with a trusted financial advisor, the survivor (and children) have someone they can readily turn to for guidance.

If you do not currently have a financial advisor, or would like a second set of eyes to review your plan, call our office and we will provide you with a referral. □



Community and Kudos



Congratulations!

In 2017 Joseph Karp was again recognized as a “Super Lawyer” by Thomson Reuters, and as one of Florida’s Legal Elite by *Florida Trend*.

2017 Speaking Engagements

We were privileged to make presentations to the Robert Welstein Quest For Knowledge Series; New York City Council of School Supervisors & Administrators; Huntington Pointe Finance Club; Humanists of the Treasure Coast; Temple Beth El Israel Men’s Club; Coral Lakes Brooklyn College Club; CSI Caregivers; Indian River State College; Children & Family Services; Boynton Beach Rotary Club; Vitalia Hadassah; Park Vista High School legal studies class; Leisureville Caring Neighbors; Baywinds Womens Club; and the Town of Jupiter Senior Academy.

To request a presentation for your group, please contact Deborah Karp at (561) 472-6062 or dkarp@karplaw.com.

PBCJA Charity Golf Tournament

Attorney Jonathan Karp participated in the 18th Annual Charity Golf Tournament sponsored by the Palm Beach County Justice Association and held at PGA National.



Walks to End Alzheimer’s Treasure Coast & West Palm Beach Walks



*Attorney Joseph Karp;
Donna True of the
Alzheimer’s Association*



*L-R Estate Planning
Paralegal Kacie Feeley
& her mother*



*L-R Case Manager Super-
visor Deeanna Farrington;
Case Manager Assistant
Miranda MacLeod; Execu-
tive Assistant Liz Lebron*



*Office Assistant Breanna
Blazer & husband*

School Supplies Drive

Lawyers and staff donated enough school supplies to fill five cartons for the Community Back to School Bash! Supplies were distributed to local underprivileged children.

Thanksgiving Food Drive

As in years past, we donated food for needy families to WPTV’s Bill Brooks Annual Food Drive. Lawyers and staff donated over 450 pounds of food that was distributed to needy families prior to Thanksgiving. Many thanks to Estate Administration Paralegal Janet Suarez, project coordinator.



*The great thing about getting older is that you don’t lose all the other ages you’ve been.
- Madeleine L’Engle*

Social Worker Breakfasts

Our law firm provided updates on V.A. and Medicaid laws to over 150 case managers and social workers at three informational breakfasts. Thank you to our gracious hosts, The Brennity at Tradition, Port St. Lucie; HarborChase, Palm Beach Gardens; and Allegro, Boynton Beach.

2017 Holiday Party—Cooper's Hawk Restaurant



Attorney Joseph Karp with the contribution staff made in his honor to Big Dog Ranch Rescue



L-R Bookkeeper Lisa Weissman, Rebecca Maglio, CPA



L-R Estate Administration Paralegals Gail Brown, Norma Cruz, Leslie Fuentes

L-R Attorney Jonathan Karp, Estate Planning Assistant Quetxy Pagan, Estate Planning Paralegals Margaret Sajiun and Kacie Feeley



Why You *Still* Need Photo ID

Even if you no longer need or want a drivers license or passport, you still need government-issued photo identification for certain financial transactions, to board commercial flights — and to sign estate planning documents. Without proper notarization, certain documents cannot be signed or may not be honored by third parties. If you lack proper identification, you will have to bring to your document signing two witnesses to sign sworn statements regarding your identity. (By law we may accept an expired government-issued photo identification *only* if it was issued within five years preceding the date of your document signing.)

To secure government-issued photo identification, you must appear *in person* at a Department of Motor Vehicles office or Tax Collectors office. You must bring the required paperwork (see the necessary paperwork at this web site: www.flhsmv.gov/driver-licenses-id-cards/real-id/). We recommend scheduling your appointment in advance to reduce wait time.

The Florida Licensing on Wheels program visits various locations to assist Floridians who cannot physically appear at one of these offices, but its schedule is extremely limited. Check out the schedule and get more information at this web site: www.flhsmv.gov/locations/florida-licensing-wheels-flow/. □



Don't wait. The time will never be just right. - Napoleon Hill

Reconsider Retiring Your Life Insurance



Many people let their life insurance lapse when they retire, anticipating they will put the premium money toward other expenses. But not so fast. There are several good reasons to hold on to your life insurance policy.

Are you married? People tend to overlook the fact that the survivor's income usually declines, sometimes dramatically, when the first spouse passes on. One of two Social Security checks disappear. The decedent's pension may be reduced or lost. Life insurance can replace income and even ensure that the survivor can continue to live in the home. Also keep in mind that as the survivor ages, expenses may actually *increase* as more assistance is required for personal care, maintaining the home, etc.

Do you want to leave a financial legacy for your children? Prior generations assumed that there would be something left over for the kids. Today, with our longer life spans and associated expenses, that is no longer a reliable assumption. In our law practice, we have seen aging clients so determined to leave something to their children that they become super-frugal, denying themselves things that would otherwise make their lives easier. Life insurance can give you peace of mind in knowing you are leaving something to the children without sacrificing your quality of life.

In addition to retaining your existing policy as is, you might want to consider converting it into a new policy with a larger death benefit. If the cash value of the policy is close to the value of the death benefit, you may be able to convert it without having to pay more in premiums. If you can no longer afford the premiums for your existing policy, you may be able to convert it to a new, single-premium policy, using only the cash value of the existing policy. And if you do not have a life insurance policy, consider purchasing one. Call our office and we can refer you to an insurance professional.□



A Perk For Vets

If you are a veteran who has been honorably discharged, you and your family are eligible to make purchases sales tax-free at www.shopmyexchange.com.

Items available include appliances, jewelry, clothing, electronics and more. To make purchases, you must first register at this web site: www.vetverify.com.

Keep Us Updated!

Are you a client whose mailing address, phone number or email address has changed? Let us know! Call us or send an email to:

updatemyinfo@karplaw.com

Remember to include your name!



A clear conscience is a sure sign of a bad memory. – Mark Twain

Who Is Your Retirement Advisor's Top Priority?

Registered investment advisors are *fiduciaries*, legally obligated to make investment recommendations based only on their client's best interest. In 2016 the Department of Labor proposed a rule requiring *all* financial advisors, not just registered investment advisors, to act as fiduciaries when providing guidance on retirement accounts (IRAs, 401Ks, etc.). Proponents said the rule would save the public billions in commissions and hidden fees. Critics argued it would restrict investor choice and be too burdensome for financial firms.



Critics argued it would restrict investor choice and be too burdensome for financial firms. The Trump Administration ordered a review of the proposed rule, and now it appears it will not be implemented until 2019, if at all. What it means for you is this: Ask your retirement account advisor if he/she is acting as a fiduciary. Even if the answer is no, it does not mean you are getting bad investment advice. Just make sure you fully understand the rationale for any recommendation. □

Preserve Assets With A Medicaid Asset Protection Trust

The cost of long-term nursing care keeps going in one direction: UP. The current cost in South Florida is over \$300 per day. Even those who have long-term care policies may find policy benefits limited to \$100 per day, or to three years of coverage. To protect themselves from being impoverished by nursing home costs, increasing numbers of clients are establishing a **Medicaid Asset Protection Trust**. The trust can preserve funds that are then used to enhance the institutionalized loved one's life and protect the well spouse's quality of life. The Medicaid Asset Protection Trust is an irrevocable trust and must be set up in advance, so call our office promptly to explore this option. While Medicaid planning is still possible in a crisis situation, it is always better to plan in advance.

Also, note these recent changes to Medicaid's eligibility criteria:

- The well ("community") spouse may not have more than \$123,600 in assets, excluding exempt and non-available assets.
- The applicant's income may not exceed \$2,250 per month. If income exceeds this level, a Qualified Income Trust may be created to handle excess income.
- The Medicaid Monthly Needs Allowance is \$2,030 per month. If a well spouse's income falls below this level, a portion of the applicant's income may be diverted to the spouse to bring his/her income to this level.
- The penalty divisor is \$8,944. The penalty divisor is the figure Medicaid uses to calculate the penalty period if transfers have been made within five years prior to application (the "look-back" period). During the penalty period, Medicaid benefits will not be available, notwithstanding if the applicant qualifies in all other respects. However, there are legal remedies for this problem.
- Homestead with equity in excess of \$572,000 will render an applicant ineligible for long-term care nursing home benefits (with some exceptions).□

More Ways to Get The News

Monthly E-Newsletter: Want the news delivered to your email inbox every month? Sign up for our monthly e-newsletter at www.karplaw.com.

Ask The Lawyer: Attorney Joseph Karp answers readers' questions every Thursday in *The Palm Beach Post*. Have a question you would like answered? Submit it to: ask@karplaw.com and we will consider it for publication.

On the Radio: Hear Attorney Joseph Karp discuss legal, financial and other practical issues of concern to South Floridians on Anita Finley's "STARS" show on WSBR 740 AM. It can also be streamed live online at www.wsbradio.com. Check the schedule at www.karplaw.com/page/elder-law-radio-show. Selected past shows are also archived and may be listened to on our website.

Online 24/7:

Website

www.karplaw.com

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www.twitter.com/FloridaTrustLaw



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