

## “Never Say Never...” Wise Tax Planning is Essential

Take a look around at the folks on the grocery checkout line. The odds are that most of them—like you, probably—are not Florida natives. The Palm Beacher in front of you might be from Passaic; the guy behind you lives in West Palm but started out in Westchester. The thousands

of transplants I’ve counseled tell me almost without exception that they’re not going back to the cold, ever. They intend to stay in Florida—even after their spouse passes away.

But you know what they say: *never say never*. You may miss your grandchildren more than you know. If you become disabled, your adult children may convince you that it is better if you live closer to them. Eventually, New York, New Jersey, Connecticut or somewhere else may beckon, and you just may heed the call.

The possibility of leaving Florida—even if unthinkable now—deserves consideration when you plan your estate, since it can have serious tax ramifications. Unlike



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Florida. But in 2013, he moves back to New Jersey to be closer to his family. Without the proper tax planning, and assuming New Jersey state estate tax is still \$675,000 at that time, \$225,000 of his estate (\$900,000 gross estate minus

\$675,000) will be taxed by New Jersey when he passes away.

Florida resident Margaret, 79, is widowed and has assets of \$3 million. She and her late husband were convinced that the estate tax exclusion would never go below the \$3.5 million level of 2009, the year he died. Thinking their estate would never be taxable, they did no preventive tax planning. Now Ann has been diagnosed with Alzheimer’s and in a few months will relocate to an assisted living facility near her son in New York. If Ann passes away in 2012 while a New York resident, the state will tax anything in excess of \$1 million. If she passes away in 2013, her estate will also have federal tax exposure, assuming the \$1 million exemption returns in 2013. Had she and her husband planned properly, these negative tax consequences could have been avoided, or at least minimized.

Wise tax planning requires that you consider not only how **much** you have, but **where you reside**—now or later. Talk to your estate planning attorney.

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*Read The Florida Elder Law and Estate Planning Blog at [www.karplaw.blogspot.com](http://www.karplaw.blogspot.com).*

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Florida, many states impose their own estate taxes. For example, New Jersey taxes anything over \$675,000 per person; New York, anything over \$1 million. Even if you’re in the clear on *federal* estate taxes (currently at \$5.12 million but scheduled to decrease to \$1 million per person in 2013), living in a state with an estate tax could take a big bite out of what you leave your heirs. A few examples:

Ellen and Marty are Florida residents with \$900,000 in assets. Ellen dies this year. With the federal estate tax at \$5.12 million in 2012, Marty need not worry about federal estate taxes, or about state estate taxes while he resides in