

# Estate Planning Update – 03.10.21

We are still doing planning consultations, document signings, care coordination, drafting of documents, and all related work—in sum, all the types of work we usually do. We have generally moved most meetings to either video conference or audio conference calls. In person document signings at our office are generally being done abiding carefully by social distancing protocols. Moreover, the governors of Tennessee and Georgia have signed executive orders which extend “virtual document signings” for a limited period of time.

Please do not hesitate to contact us if we can assist you with your elder law, special needs planning, or estate planning needs.

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## Section 1.01 Not Another Estate Planning Article on the Pending Reduction of the Lifetime Exemption

By: [Shelton Swafford Chambers](#)

If you aren't keeping up with the IRS' release of federal interest rates, they recently announced the applicable federal rates (AFR) for March 2021. March's AFR for mid-term notes is 0.62%. For reference, just a year ago, as the pandemic was starting, it had gone down to 1.52%, and two years ago, the March 2019 rate was 2.59%. **The point is: interest rates are incredibly low!**

I know you're wondering, “Why do I care?” You may also be wondering, “what on earth is an AFR Rate?!” Don't worry — I'm NOT going to talk about the ins and outs of the revenue rulings that provide the applicable federal rates, though it would be riveting, I'm sure! Basically, it's important to know that there are several estate planning techniques that look to these rates, and it impacts their ultimate effectiveness.

In times where interest rates are incredibly low, such as now, certain techniques are even more tax efficient than usual.

### Three techniques are:

- Grantor Retained Annuity Trust
- Charitable Lead Annuity Trust
- Intrafamily Loans

### Grantor Retained Annuity Trust (GRAT)

When you create a Grantor Retained Annuity Trust (GRAT), the grantor will receive a stream of income, at least annually, for the term of the trust. The payout is based on the present value of assets using the effective AFR Rate. As a result of this payout requirement, there is often little to no estate tax exemption used when you fund a GRAT.

As interest rates get lower, the required payout also gets lower. When interest rates are low, it is easier for the growth and income generated by assets in the trust to be greater than the required payouts, leaving more assets inside the trust at the end of the day. When the trust terminates, anything left in the trust is transferred to the remainder beneficiary — often children or trusts set up for the benefit of children.

Click [Read More](#) to learn more about Grantor Retained Annuity Trusts, Charitable Lead Annuity Trusts, and Intrafamily Loans.

[Read More](#)

## Estate Planning Resources



### **Is It Possible to Put a Retirement Plan in a Special Needs Trust?**

Retirement plans often make up a significant portion of the assets of parents of children with special needs, or of individuals who have become disabled as adults. In such cases, the question arises as to whether the retirement plan can be put into a special needs trust...

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### **What Are the House Ownership Options When Parents and Adult Children Live Together?**

Increasingly, several generations of American families are living together. According to a Pew Research Center analysis of U.S. Census data, 64 million Americans, or 20 percent of the population, live in households containing two adult generations. These multi-generational living arrangements present legal and financial challenges around home ownership...

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### **Getting Affairs In Order and You Can't Make this Stuff Up! – Online Class**

Amy Boulware, LAP MSW, will explore common estate planning mistakes that can leave family members confused and anxious. Attendees will leave with a better knowledge of why everyone needs an estate plan, even if they aren't part of the "rich and famous". David Keller of Lane Funeral Home, Carriage Services, will talk about the importance of final arrangements, available options and share about the day in the life of a funeral director...

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## **Also check out...**

### **[What You Need to Know About the COVID-19 Vaccine in the Chattanooga Area](#)**

Starting March 8, the state of Tennessee and most local health departments in the Chattanooga region will open COVID-19 vaccinations to a much wider group of eligible patients in Phase 1c, which includes adults with common chronic conditions such as hypertension and obesity. Click [here](#) for answers to questions that newly eligible residents might have.

### **[The Johnson & Johnson COVID-19 Vaccine Could Be in Tennessee This Week — Here's What You Need to Know](#)**

A third COVID-19 vaccine option and the first to come in a single dose in the United States could be on the ground in

Tennessee as early as March 1, according to the state's top health official. an FDA advisory committee voted unanimously to recommend the Johnson & Johnson COVID-19 vaccine for use in adults 18 and older, and it received formal authorization. Click [here](#) to read more.

### [Fully Vaccinated People Can Gather Without Masks, CDC says](#)

Fully vaccinated Americans can gather with other vaccinated people indoors without wearing a mask or social distancing, according to long-awaited guidance from federal health officials. Click [here](#) to read more.

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## Coping With COVID-19

### **What's Cooking? – With Chattanooga Therapeutic Recreation Services**

Chattanooga Therapeutic Recreation Services will be hosting a free virtual class called 'What's Cooking?' on Tuesdays beginning March 23.

**What:** Do you want to sharpen your cooking skills and learn new recipes that you can make on your own? Well this is the program for you! We'll be exploring new delicious foods to eat from around the world, with a new theme each week! This four-week program is a great opportunity to connect with friends and give each other tips and tricks on cooking!

**Who:** Individuals with intellectual disabilities, ages 14+ Parent/guardian supervision is strongly recommended, as needed.

**Dates:** Tuesdays: 3/23, 3/30, 4/6, 4/13

**Time:** 5 – 6:30 p.m. EST

**Where:** Zoom

**Contact:** Michelle at [mtbrickey@chattanooga.gov](mailto:mtbrickey@chattanooga.gov) or 360.431.1717 or Mathew at [mhabina@chattanooga.gov](mailto:mhabina@chattanooga.gov)

Check out [Chattanooga Therapeutic Recreation Services on Facebook](#) to keep up with all of their upcoming events!

Source: [Chattanooga Therapeutic Recreation Services](#)

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### **Sign Up for Vaccine Updates**

Our team continues to monitor COVID-19 vaccine updates as they relate to Hamilton County and the surrounding areas. **If you have not already signed up and would like to receive our vaccine updates, please click "Subscribe" below and enter your contact information.**

We recommend signing up to receive real-time updates from the Hamilton County Health Department for the most timely and accurate information.

Please feel free to reach out to our team if we can be of any assistance to you.

[Subscribe to Chambliss Vaccine Updates](#)