

## WHAT'S THE FATE OF YOUR ESTATE?

Most construction business owners will spend a lifetime making sure their businesses succeed. After all of your hard work, do you really want to leave the fate of your business in someone else's hands? As it is likely your largest asset, you'll want to ensure your business is protected through a detailed estate plan. This plan should focus on minimizing estate and gift taxes as well as protecting your wealth for your family.

### DON'T LET THE "DEATH TAX" BE THE DEATH OF YOUR BUSINESS

When a business owner dies, the business is considered an asset included in the estate, which encompasses all investment accounts, businesses, property, real estate and life insurance. If the value of an estate exceeds \$5.49 million in 2017, it will be subjected to the federal estate tax, often referred to as the "death tax." Only the amount exceeding the \$5.49 million exemption will be taxed, but can still leave heirs scrambling to pay the taxes due within nine months of the owner's death. The heirs will often sell the business for far less than it is worth to cover the tax bill.

To preserve your business, it's important to consult an accountant or estate attorney to create a plan that will cover all of your business and personal needs. They will offer advice to help reduce the value of your estate, and in turn, the amount you'll owe in taxes on your estate.

### HERE ARE SOME COMMON STRATEGIES:

1. *Gift the maximum of \$14,000 annually:* The IRS allows you to give up to \$14,000 to as many people as you would like every year. By strategically gifting the maximum amount each year, you will be able to reduce the value of your estate over time while still preserving your wealth. Charitable giving to a church, school or non-profit organization is another way to distribute your wealth.
2. *Establish trusts for your assets:* A trust is a legal agreement that allows for the transfer of a person's assets to a trustee to manage for the benefit of a beneficiary and will ensure your assets remain in your family. While there are several types of trusts available, they will all serve the same purpose in lowering the amount you'll owe in taxes on your estate.
3. *Spend it:* An attractive and fast option for reducing your wealth is to spend it! Those who have an abundance of wealth and are not in jeopardy of running out of money before they die may enjoy the freedom of making some rather substantial purchases without financial consequences.

## THE BOTTOM LINE

Creating a proper estate plan is a proactive approach to protecting your business, assets and family.

## PROACTIVELY PROTECT YOUR ESTATE

Creating a proper estate plan is a proactive approach to protecting your business, assets and family. Establishing a will as part of your plan will further protect your family and may help to avoid the probate process, in which a person's estate is administered through the court system after their death.

When creating a will, you should also appoint a power of attorney to make decisions on your behalf in the event you become incapacitated and are not able to do so. A healthcare directive will allow your power of attorney to execute your medical wishes as you have specified so the burden of making those difficult decisions does not fall on your family.

It's never too soon to create your plan and should be made a priority by everyone, regardless of age or class. Advanced planning will ensure your plans for your estate are carried out according to your timeline and that your business and loved ones will be taken care of after your death. If you're ready to secure the fate of your estate, HORNE can help. Contact us if you'd like more information, need to revise your current plan or need help developing a plan.

## CONNECT WITH US TO GET STARTED.

Contact Joel Bobo at 601.326.1332 or at [joel.bobo@hornellp.com](mailto:joel.bobo@hornellp.com) for insights and assistance with questions.



Clients turn to HORNE for the foresight, straight talk, and collaboration needed to navigate the challenges of growth, regulatory compliance and risk mitigation. HORNE is a decidedly different CPA and advisory firm who goes beyond traditional accounting services, steering clients through the uncertainties and opportunities ahead.