

# Legal and Financial GPS

Go forward at the intersection...  
Keep going forward

April 2011



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I hope you will find this issue of our newsletter informative and interesting. For one, SuperLawyers gave us exciting news to announce. Also scroll down to see our insightful analysis of how the new tax law might apply to you. We also invite you to view our website... [DavidNeufeldLaw.com](http://DavidNeufeldLaw.com)... to learn more about the firm and to subscribe to our [blog](#) to keep up with up-to-the-minute developments.

Sincerely,  
David Neufeld, Esq.  
Law Office of David Neufeld

### SuperLawyers

## David Neufeld Added to 2011 Super Lawyer List for NJ



List Limited to 5% of Lawyers  
in New Jersey

It does not come with a cape and tights, but when David Neufeld was selected for this

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## Areas of Practice

Areas of Practice:

- income tax

year's New Jersey *Super Lawyers*® list it was a major honor nevertheless.

By being named to the *Super Lawyers* list, as announced in the current issue of *New Jersey Monthly*, David joins a group that includes just 5% of all lawyers in New Jersey. The list is compiled by *Super Lawyers Magazine* after a rigorous multi-step selection process. According to Superlawyers.com, "*Super Lawyers Magazine* names attorneys in each state who received the highest point totals, as chosen by their peers and through independent research."

"No I cannot leap tall buildings in any number of bounds," said Mr. Neufeld when asked about this most recent of accolades given him, "but I am always grateful when my legal accomplishments are recognized by my peers and organizations such as *Super Lawyers*."

Recognition such as this is not new to Mr. Neufeld in his quarter century of practicing tax law and estate planning since graduating from the NYU School of Law with an LL.M in Tax. He has been honored with, among other things, the Advocacy Award by the New Jersey State Bar Association and has been deployed on specialized projects on behalf of the American Bar Association.

In addition to David's law career, he has a successful hobby as a stand-up comic. Perhaps David's next honor will be New Jersey's Funniest Super Lawyer.

For more information about the Law Office of David Neufeld see [www.DavidNeufeldLaw.com](http://www.DavidNeufeldLaw.com).

## Jasna Polana Charity Luncheon a Rousing Success

**Expert Speaker on Planning for Families  
Dealing with Chronic Illness**

individuals and businesses

- estate planning for high net worth families
- asset protection planning
- life insurance-based planning
- life insurance trustee risk management
- tax controversies, including tax court litigation and audit and appeals support for CPAs
- expert witness in cases involving 419 Plans, 412(i) plans, life insurance premium financing and life settlements

### **Commentary:**

It seems a week does not go by that we do not receive an inquiry to take on a new matter as either tax counsel or expert witness for individuals involved in **audits of what is known as a 419 Plan or welfare benefit plan or the resulting civil litigation**. As more and more of these cases develop, the line between welfare benefit plans with which you know you can be comfortable and those attracting IRS interest (whether deserving such attention or not) is becoming increasingly clear. While we are handling several cases involving plans that were



Marty, Patti, Elvis and the Airstream

On March 24 we co-hosted with *Traust Sollus Wealth Management* a luncheon attended by lawyers, CPAs and other professionals from throughout New Jersey at Jasna Polana Country Club in

Princeton where Martin Shenkman, CPA, J.D., spoke about estate, insurance, tax and financial planning for those living with chronic illness such as Multiple Sclerosis and Parkinsons. This was Marty's first stop on his annual cross country RV trip, named *RV 4 The Cause*, to bring attention to this often overlooked aspect of financial and estate planning. The afternoon was also sponsored by the Michael J. Fox Foundation, the National Multiple Sclerosis Society, the Association of Hole in the Wall Camps, and the COPD Foundation. Find out more about RV 4 The Cause at [RV4TheCause.org](http://RV4TheCause.org). More photos at our [blog](#).

## Estate Planning Has Added Urgency with New Law

### High Net Worth Families Need to Grab Opportunities Before they Disappear



By now we have all heard about how the 2010 Tax Act has simplified estate planning for families with under \$10 million. In fact no wealth planning is needed by these families and even by many above this

threshold, right? Wrong! For many that would be a massive mistake, at worst, and squandering incredible opportunities, at best. The new law should shock us into immediate action, not lull us to sleep. That would be like sleeping through the gold rush.

❖ As it stands now, these changes last only until the end of 2012, maybe sooner. Sure, Congress can extend it but are you confident that

providers such as Benistar (including their Grist Mill Plan) and IDP Corporate Benefit Services (their split dollar plan)) **we have seen no cases involving well designed and well executed plans offering retiree medical benefits**, even when funded with life insurance policies. In this day of medical care and retirement uncertainty it is good to know that **there is still a valuable opportunity** to protect your financial future with the government's financial help and approval.

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Nothing in this communication is intended to be legal advice or an opinion of any nature and was not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed on a taxpayer.

back only three months to recall why I am out of the Congressional prognostication business. So therefore we have a choice: (1) take our chances that these provisions will be around for the long term, or (2) take advantage of what we have today and lock them in as best we can. For those not wishing to gamble millions on Congress' whim, the best advice is to consider making the highest gift now, either in trust or outright, that one can comfortably afford and is willing to make. Do not be diverted by the claims that Congress might "clawback" the tax upon death; that is a red herring that has no practical impact or real cost and may never materialize.

❖ This new term, "portability," has entered our lexicon. To some it means that we no longer need to divide family assets between spouses and employ a credit shelter and marital deduction trust or QTIP trusts in order to maximize utilization of the lifetime credit amounts. To me it means that, while some might be okay doing nothing, most are misguided by misinformation. For instance, nothing in the new law changes the fact that a spouse often wishes to ensure that after his/her death the widow/widower and their mutual children and grandchildren end up with family assets or the income from those assets rather than it going to the widow's/widower's next spouse or to an ex-daughter/son-in-law as an asset in divorce. But relying on portability does not solve this problem; trusts can. Furthermore, portability does not shelter future appreciation from estate tax; trusts can. And portability is easy? Try running the numbers when there are re-marriages and risk losing it entirely if the election is not made properly. In short, it might be wise to be flexible and be prepared for both options for tax purposes and still achieve all the other non-tax goals one strives for when implementing trusts.

❖ There is now the enhanced opportunity to create a pool of wealth free of estate taxes for many generations of a family. But failing to make gifts in trust now and relying exclusively on portability robs one of this ability. First, as with the estate tax exclusion amount, this window may be closing soon on the historically high \$5 million

amount. Second, portability does not apply to the GSTT. Third, the tax rate is projected to increase to 55% in 2013 from its current 35%.

❖ Would you burn millions of dollars? Likely not. But for some, passing up the opportunity to do a GRAT is functionally doing just that. The combination of remarkably low interest rates (which are predicted to go higher), a \$5 million gift tax exclusion per person (which is scheduled to be reduced to \$1 million) and the President's budget proposal to change the law concerning GRATs (which makes them much less valuable and less functional) makes NOW the time to grab the brass ring. The amount one can save is staggering. It might not be there when the carousel goes around again.

❖ There are those in an equity split dollar arrangement that wish to exit. Some are in a qualified plan with life insurance and wish to remove the policy. Others would benefit from placing life insurance into a qualified plan. Some have a life insurance trust and wish to fund it at one time with enough to pay all future premiums. The new tax law may provide the historic opportunity to achieve these and other ends with no or low gift or estate tax.

There is so much opportunity for massive planning in the new law and so small a window of opportunity. This dialogue does not end with this newsletter. Subscribe to our [blog](#) and newsletter to keep it going. [Contact us](#) to see what you can achieve with this opportunity.



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