

BOGGS & COMPANY

WEALTH MANAGEMENT

BUILDING OPPORTUNITIES GUIDING GENERATIONAL SUCCESS

March

NEWSLETTER



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Welcome to March! We at Boggs and Company are invigorated by the spirit of renewal that comes with the first day of spring. This month, we celebrate Women's History Month by acknowledging and honoring the incredible contributions of women within our firm and across the finance industry. With over 75% of our team comprising talented women, Boggs and Company proudly stands as a female-centric organization.

We're getting closer to tax deadlines for 2025. We encourage you to schedule an appointment with your advisor to ensure you're prepared and maximizing your financial opportunities. Let's embrace this season of growth together!

IN CASE YOU MISSED IT

Sharing Smiles and Kindness This Valentine's Day



Our team enjoyed celebrating love and friendship with memories from Valentine's Day!

Marking 3 Years of Hard Work and Achievements



This month, we celebrate **Rachelle Pensyl** and her incredible three-year journey with Boggs & Company! Rachelle's dedication, hard work, and commitment have made a lasting impact on our team and the

clients we serve. We are grateful for the energy she brings every day!



A Night of Music and Giving

On February 17, the Children's Adaptive Sports League (CASL) hosted a memorable Dueling Pianos event at The Underground at Mezzo's, sponsored in part by Boggs and Company. The evening was filled with lively music, great company, and a shared commitment to supporting children with disabilities. CASL's mission of providing adaptive sports and socialization programs for these children was at the heart of the event. Thanks to the generous contributions from attendees, the funds raised will help ensure that all CASL events continue to operate free of charge, allowing children to participate in and enjoy these inclusive activities without financial barriers.



Celebrating Our March Birthdays!

We want to extend warm birthday wishes to all our team members celebrating their birthdays in March! A special shout-out goes to **Steve** (3/8) and **Patsy** (3/16)!



Check out more *In Case You Missed It* on Page 6!

ESTATE TAX CHANGES IN 2025

What Wealthy Individuals Need to Know

Changing policies and regulations periodically reshape the landscape of estate tax laws. In 2025, wealthy individuals must be aware of critical changes impacting their estate planning strategies. This article comprehensively explores the implications of the estate tax sunset at the end of 2025 and its effects on wealthy estates.

TCJA and estate taxes

The Tax Cuts and Jobs Act (TCJA) was signed into law in December 2017, introducing significant amendments to the U.S. tax code. One of the key highlights of this law was the doubling of the federal estate and gift tax exemption, adjusted annually for inflation. The 2025 estate tax exemption is as follows:

- Individuals \$13.99 million
- Married couples \$28 million

It is crucial to note that the estate tax exemption is not permanent; if not revised, it will sunset on December 31st, 2025.

The estate tax sunset

Barring any legislative action, starting January 1, 2026, the estate and gift tax exemptions will default back to the levels before the enactment of TCJA. Those with larger estates will most likely be affected by this 'snapback' exposing them to more significant federal estate tax.

It is also essential to note that the sunset provision does not directly impact the federal estate tax rate, currently at 40%. The changes, therefore, may primarily affect the volume of assets that can be transferred tax-free, either during one's lifetime or death.

Implications for estates

The potential implications of the estate tax sunset are far-reaching and may substantially affect estate planning strategies in numerous ways.

Increased estate tax liability

The most tangible impact is the potential for increased tax liability. Lower exemptions translate to higher estate tax and fewer assets transferred.



Gift-giving strategies

Taking advantage of the current tax exemptions may be prudent for some. Gifting assets outright or in trusts may be an appropriate strategy to utilize the higher exemption amounts. Gifting before death potentially manages future estate tax exposure.

Wealthy individuals should seek guidance from financial, legal, and tax professionals to evaluate their wealth transfer strategies and determine others that may be appropriate for their situation. Some examples include:

- 529 plans
- Roth IRA conversions
- Trusts
- Family Limited Partnership (FLP)

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Understanding generation-skipping transfer tax (GSTT)

GSTT enables individuals to gift to a family member at least 37 ½ years younger, such as grandchildren or great-grandchildren. The person receiving the gift is called the 'skip-person' and must be two or more generations younger than the individual making the gift. A GSTT strategy provides a method of giving, helping pass wealth across generations.

The IRS 2025 lifetime exemption for a GSST strategy remains the same:

- Individuals- \$13.99 million
- Married couples- \$28 million

The annual gift tax exclusion is \$19,000 per individual.

Estate tax clawback

Another significant factor is the possibility of estate tax "clawback" arising if the sunset provision takes effect. The IRS has issued final regulations providing that no clawback can apply to gifts made under the heightened TCJA exemption limits.

However, the sunset may revive estate tax clawback. For this reason, gifting before the end of 2025 may help relieve concerns and increased estate taxes later.

Legislation and estate tax

While considerable focus is on the sunset provision in 2025, it is vital to be mindful of potential legislative revisions that could occur before then. Given the inherent uncertainty of political and legislative landscapes, estate tax laws could be modified anytime, emphasizing the need for regular review and adjustment of one's estate plan.

Some legislators suggest reducing the exemption amount before the end of 2025 or increasing the estate tax rate beyond 40%. Therefore, it is essential to work with financial, legal, and tax professionals to reassess and revise one's estate plans accordingly.

A need for comprehensive estate tax planning

Navigating the ever-changing landscape of estate tax laws demands understanding TCJA's sunset implications and preparing the necessary strategic responses. The sunset significantly impacts wealthy individuals and their estate planning strategies. These individuals must seek professional guidance and actively implement measures that address the benefits of current exemptions while preparing for future estate tax scenarios.

With estate tax changes likely on the horizon, it is more crucial than ever to review your estate plan regularly, adapt to changes in tax law, and work with a financial professional to safeguard your wealth for future generations.

At Boggs & Company, we're always ready to assist you with your financial questions. If you need advice on understanding estate tax, feel free to schedule an appointment by contacting us via phone at **(301) 798-7669** or email us at any time at **info@boggsandcompany.com**.



Important Disclosures

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

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WHY YOU SHOULD TAKE RMDs EARLY IN THE YEAR

For those approaching or in retirement, managing Required Minimum Distributions (RMDs) is an essential part of your financial planning. Once you turn 73 (or 72 if your birthday was before January 1, 2023), the IRS requires you to withdraw a specific amount annually from your tax-deferred retirement accounts like IRAs and 401(k)s.

While you technically have until December 31 to take your RMD, there are compelling reasons to consider taking it earlier in the year. Let's explore why timing matters and how it can benefit your financial strategy.

Tax Planning Advantages

If you withdraw your RMD early in the year, you gain clarity about your taxable income for that year. By knowing your withdrawal amount ahead of time, you can align other financial strategies, such as Roth conversions and charitable donations, more accurately. Drawing RMDs early in the year also allows more time to prepare for quarterly tax payments.

Protection Against Market Volatility

The stock market can be unpredictable, and waiting until year-end to withdraw your RMDs could expose your retirement funds to sudden downturns. By taking your distribution early in the year, you can mitigate the risk of being forced to sell investments at a lower value if the market declines later.

Increased Flexibility for Charitable Giving

For retirees who plan to make Qualified Charitable Distributions (QCDs), taking RMDs early can provide more time to execute charitable giving strategies. By directing distributions to eligible charities sooner, you can fulfill your giving goals and potentially reduce taxable income.

Building Flexibility into Your Cash Flow

Taking RMDs early in the year improves your cash flow management because it provides liquid assets for yearly expenses. Taking distributions early provides ready access to funds when you face home repairs, travel needs, or medical expenses, so you don't need to access other accounts for unexpected costs.

If you don't need your RMDs for immediate expenses, withdrawing them earlier also gives you the flexibility to reinvest the funds in a taxable account. This strategy allows for potential growth while ensuring you meet the required withdrawal rule.

Preventing Burdens for Your Beneficiaries

If you pass away unexpectedly without having taken your RMD, your beneficiaries will be responsible for handling the distribution. This could create additional stress during an already difficult time, as they will have to navigate complex financial requirements while grieving.

Additionally, the RMD could increase their taxable income for the year, potentially leading to a higher tax burden. If you pass late in the year, there may be limited time to set up an inherited IRA and process the RMD, which could result in complications and possible IRS penalties.

Creating Confidence

The retirement period ought to be dedicated to living life fully without the burden of financial deadlines. By withdrawing your RMD earlier in the year, you remove the pressure of meeting the December 31 deadline. Taking your RMD early removes one task from your list so you can concentrate on your goals and priorities.

What to Consider Before Acting

While early RMDs offer many advantages, it's essential to consider your financial situation before making a decision:

- **Tax Impact:** Large withdrawals early in the year could push you into a higher tax bracket. Work with a tax professional to evaluate the impact on your overall tax liability.
- **Spending Needs:** Make sure taking your RMD early aligns with your cash flow needs and long-term financial goals.

If you have questions about RMDs, feel free to schedule an appointment by contacting us via phone at (301) 798-7669 or email us at any time at info@boggsandcompany.com.

Important Disclosures

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy. This article was prepared by WriterAccess. LPL Tracking #698811

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IN CASE YOU MISSED IT

CONTINUED

A Day of Competition, Camaraderie, and Inclusivity in Massachusetts

In February, Milton Academy hosted the Special Olympics Massachusetts 1-day tournament, bringing together athletes from across the region for a day of spirited competition and camaraderie. The event was a resounding success, showcasing the incredible talents and determination of the participants. The tournament not only highlighted the importance of inclusivity in sports but also reinforced the



community's commitment to empowering individuals with disabilities through athletic opportunities. Scan the QR code on the right to check out the community page on our website and to learn more about the Special Olympics and how to get involved!



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