

February 2024

This year marks 30 years since Ruth Ansell started her own law firm in 1994. Christine joined her friend, Ruth, in 1998. In 2012, we were fortunate to add Alyssa to our team. Ruth's goals were to provide the same high-quality estate planning of a large firm with the personal service of a boutique firm. We continue to strive to attain these goals. We are truly grateful for our clients who have allowed us the opportunity to serve them through some of the most joyful times, when a child or grandchild is born, and through difficult times, when a loved one dies.

Our annual summary of the most significant changes to federal and New Hampshire laws that affect estate planning and estate and trust administration follows. We hope that you find this information helpful.

Beginning with federal law, the annual gift tax exclusion increased to \$18,000 this year from \$17,000 last year. The gift tax exclusion allows a person to give up to \$18,000 per year to as many individuals as the person wishes without reducing their gift and estate tax exemption.

Under the current law, each person has an exemption from federal gift and estate taxes, which allows you to transfer property to your family tax-free. In 2024, each person's exemption is \$13,610,000, to be indexed for inflation through 2025, with portability of the unused exemption by a surviving spouse. Under current law, in 2026, the exemption will return to \$5,000,000 per person as adjusted for inflation for years after 2011.

The looming sunset of the 2017 tax law changes has some clients considering large gifts to take advantage of the \$13,610,000 exemption before it is cut in half in two years. One technique includes a spousal limited access trust (SLAT) in which a person transfers assets into a trust for the benefit of their spouse and children using their estate tax exemption, but retaining access to the assets, if needed, through their spouse. The spouse's access is limited to keep the assets out of the spouse's taxable estate. If you are interested in discussing gifts to use your exemption before it is reduced in 2026, we would be happy to meet with you.

Last year in this newsletter, we covered the SECURE 2.0 Act, which introduced further changes to the law respecting retirement accounts. In today's letter, we would like to address a few of the less talked-about changes brought by SECURE 2.0, which may be of interest to our clients.

Many clients have children or grandchildren who end up with balances remaining in their 529 education savings accounts after they complete their college

and graduate school education. It is now possible to convert up to \$35,000 in a 529 account into a Roth IRA for the beneficiary. The yearly Roth IRA contribution limits apply.

Clients over age 70 ½ may make distributions of up to \$100,000 annually from their IRA to their favorite qualified charitable organizations and those distributions, which count towards the Required Minimum Distribution for the year, are not included in taxable income. Under SECURE 2.0 Act, beginning in 2024, the \$100,000 qualified charitable distribution amount is indexed for inflation with \$105,000 as the amount that can be contributed to charity and excluded from taxable income for 2024.

Finally, SECURE 2.0 made changes to Achieving a Better Life Experience (“ABLE”) accounts. ABLE accounts are established by state governments and were authorized by Congress in 2014. They allow beneficiaries with qualifying disabilities to save in a tax-advantaged account and not be disqualified for means-tested government assistance programs. Currently the onset for a qualifying disability must occur on or before age 26. SECURE 2.0 will increase this age to 46 starting in 2026, allowing individuals with disabilities that occur later to take advantage of the benefits of an ABLE account.

Turning to New Hampshire law updates, the New Hampshire Department of Justice’s Charitable Trust Unit (CTU) implemented new regulations governing reporting obligation for charitable trusts in the state. The regulations contain requirements for most trusts with charitable beneficiaries: registration with the CTU, notice to the CTU and annual reporting. If you are acting as a Trustee of a trust with charitable beneficiaries or as an Executor of an estate with charitable beneficiaries and you would like to understand how these rules apply to you, we can help you to determine what steps to take to comply.

The New Hampshire Supreme Court ruled on an interesting case this year about the homestead right created by New Hampshire law. More specifically, the issue before the Court is whether a married person who lives in a home that is solely owned by their spouse has an independent homestead right which can be claimed as an exemption against creditors. The “homestead right” is a right created by statute in New Hampshire that says, “Every person is entitled to \$120,000 worth of his or her homestead, or of his or her interest therein, as a homestead. The homestead right created by this chapter shall exist in manufactured housing... which is owned and occupied as a dwelling by the same person.” This \$120,000 is generally exempt from creditors’ claims.

In the New Hampshire Supreme Court case, a woman filed for bankruptcy and claimed her \$120,000 homestead right and \$120,000 for her husband’s homestead right. She and her husband lived together in the home with their children, but the home was titled in her name alone. The central dispute was whether a person must

legally own property to claim an independent homestead right and be entitled to an additional \$120,000 homestead protection.

The Court determined that a spouse who is not on the title to a home does not have a homestead right that is separate and distinct from their spouse who is on the title. The Court explained that the phrasing of “his or her homestead or his or her interest” in the statute is possessory which requires an ownership interest.

As we begin a new year, it is always a good idea to review your estate plan. It is important that your estate pass to your intended beneficiaries, whether by will, trust, beneficiary designation or joint tenancy. This should include a review of your current documents, ownership of assets and accounts, and confirmation of beneficiary designations. You should consider whether any changes are needed at this time.

We are thankful for the assistance of our talented paralegals, Jennifer Pierce, Robin Davison and Victoria Farren. Jennifer and Robin support us with drafting estate planning documents. Victoria and Robin help with probate and trust administration. Nicole Masson, our hard-working receptionist, answers the phone, greets you when you come in and gets you onto the calendar. We could not run the office without these amazing women who work behind the scenes to take care of our clients.

Shannon Nicholson joined us as an associate attorney in August. An announcement regarding Shannon is attached.

Many of you are aware of that Christine’s husband, Mark, died unexpectedly while they were on vacation in April. Christine is grateful for the outpouring of kindness from clients and colleagues who read Mark’s obituary in the newspaper. For a copy of Mark’s obituary: [www.legacy.com/us/obituaries/unionleader/name/mark-anderson-obituary?id=51736148](http://www.legacy.com/us/obituaries/unionleader/name/mark-anderson-obituary?id=51736148).

We appreciate your loyalty and referrals of other family members and friends for our services. We are humbled by the volume of business that is sent to us.

Best wishes for a prosperous and peaceful 2024.

Ansell & Anderson, P.A. is pleased to announce that Shannon Nicholson has joined the firm as an associate.



Shannon joined Ansell & Anderson, P.A. as an associate in 2023 after graduating from the University of New Hampshire School of Law. Shannon also has a Bachelor's Degree from the University of Maine where she graduated *summa cum laude* in 2017. She will be assisting clients with estate planning and probate and trust administration. Prior to making a career shift and attending law school, Shannon was a social worker for nearly four years in Portland, Maine. She now resides in Manchester with her partner.



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