

Jeff Chadwick in U.S. News and World Report: Financial Advisors Eye Biden's Plan for Estate Taxes in 2021

01.27.21

Winstead PC Shareholder [Jeff Chadwick](#) was interviewed by *U.S. News and World Report* about potential changes that President Biden could make to estate taxes this year. An excerpt is below.

"As President Joe Biden takes office, he's signaled his intentions to make sweeping changes. He has signed executive orders on everything from combating the COVID-19 pandemic and climate change to increasing food security and widening the economic safety net.

Some of these changes have been forecast since the days immediately following the election in November. Others, such as how or if Biden will change how estates are taxed, are leaving wealth managers in limbo...

Wealth managers of high-net-worth clients began making subtle changes to their portfolios last year upon predictions of the Biden win. But it was only in January when Georgia Democrats Jon Ossoff and Raphael Warnock won their Senate runoff elections, and the Democrats took control of the Senate, that advisors began ramping up their contingency planning.

"Those conversations with clients really started last year when people started looking at the election," says Jeff Chadwick, member of the Wealth Preservation Practice Group at Winstead, a law firm in Texas. "Anytime there's a potential blue sweep, there are folks interested in doing some changes ahead of that. A lot of clients did things by the end of the year to move funds around, create trusts, that sort of thing."

Most estate planning clients tend to fall into one of three categories, Chadwick says.

"They're either unlikely to have a taxable estate and are driven by nontax factors like helping out a family member or donating to charity. On the other end of the spectrum are the high-net-worth individuals, and those are people who will probably have an estate tax liability as long as the estate tax exists," he says.

"The hardest people are the people who are right in the middle," Chadwick says. These clients may have a net worth from \$10 million to \$25 million.

"They're hard because they don't have an estate tax problem today, but if the law changes, they do," Chadwick says. "A lot of times, they can't afford to give everything away, but if they don't do something, they could have a pretty steep tax."

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Chadwick's recommendations include using existing bonus exemptions before they expire. "If a taxpayer elects to use his or her bonus exemption in 2021, the IRS has stated that there should not be a 'clawback' if the exemption is decreased in 2021 or future years," Chadwick says. "Consequently, taxpayers who may have a taxable estate should consider utilizing their bonus exemptions while they still can."

Bonus exemptions refer to the difference between the current exemption rate minus the expected future amount. The current "bonus" exemption rate is \$6.7 million, which is the current rate of \$11.7 million in 2021 minus the \$5 million expected exemption rate in the future.

"The bonus exemptions are 'use it or lose it' amounts, so we are encouraging clients to use their bonus exemptions if they can," Chadwick says...

"There's a realistic danger that we're going to wake up one day, and there are going to be comprehensive tax changes passed that are effective immediately, and clients have missed the chance to take advantage of those opportunities," Chadwick says."

[Read the full article.](#)

Chadwick is a member of the firm's Wealth Preservation Practice Group with offices in Houston and The Woodlands. He focuses his practice on trust and estate planning for business owners, corporate executives, professional athletes, and other high net worth individuals and families. He strives to provide innovative and practical solutions to a wide range of legal matters, including wealth transfer planning, trust and estate administration, business formation and succession,

asset protection, charitable giving, and premarital planning. Chadwick is Board Certified in Estate Planning and Probate Law by the Texas Board of Legal Specialization.

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