

# MEMORANDUM

TO: Concerned Americans

FROM: Ben Palkowski, Old Colony Law

DATE: March 5, 2024

RE: Protecting assets from political uncertainty, extremism and dysfunction

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It's Super Tuesday, the unofficial kickoff to the most consequential Presidential election campaign of your lifetime. As we work together to protect Democracy, remember, also, to protect yourself and your family, your privacy, your property and your hard-earned wealth from the potential negative implications of political uncertainty, extremism and dysfunction.

After considering the following questions, you may be as motivated to engage in estate planning as you are to vote in November.

***Who will be in power if the government makes personal decisions for you?***

If you do not have an estate plan, the government dictates how your assets are distributed upon your death. What's more, if something catastrophic happens to you while your child is still a minor and you haven't named your choice for a guardian, the government will decide who will control your child's person and estate without your input.

Without a comprehensive estate plan, the government could make personal decisions for you even *before* your death. For example, if you become incapacitated because of an accident, stroke or dementia, a court may name a complete stranger to attend to your financial affairs and make health care decisions for you without your input.

***Will my lifelong fight for a better future for my children stop when I'm gone?***

Some political contributions can be made even after you die. You can also bolster your philanthropic legacy by including political contributions in your will or by creating a trust that disperses contributions to support charities, causes and candidates you believe in.

During your lifetime, political giving does not yield charitable deductions for tax purposes, but there are tax breaks. For example, there is a federal gift tax imposed on gifts over a certain threshold (currently, a donor may give up to \$18,000 per recipient per year, periodically adjusted for inflation). However, there is no gift tax on contributions to political organizations or 501(c)(4) social welfare organizations.

Contributions to certain organizations like 501(c)(4)s and federal super PACs are unlimited, thus opening the door for major tax-free gifting opportunities. Shockingly, you can't even gift more than \$18,000 to your child in 2024 without encountering tax implications, but large sums to a 501(c)(4) or super PAC can be given without any gift tax implications!

***How can I protect my child's inheritance from a spouse with repugnant political views?***

Simply leaving an inheritance outright to your children, in many cases, is perfectly fine. However, suppose you have a child who marries a political extremist or conspiracy theorist. Would your child be in a position to manage and enjoy their inheritance without it being taken away by their political extremist spouse?

Trusts for children often make sense to help protect inheritances from being squandered away due to a child's immaturity, lack of financial sophistication or substance abuse. They can also be used to prevent a political extremist daughter- or son-in-law from grabbing a portion of your child's inheritance when they divorce.

***Is it unpatriotic to stick it to Uncle Sam on my way out?***

Depending on who you ask, the estate tax is either a backdoor "wealth redistribution" scheme or a mechanism to ensure that "everyone pays their fair share." The reality is nobody likes paying it. Indeed, in my experience counseling Democrats and Republicans alike behind closed doors, I have yet to encounter a client who likes the notion of their own wealth being subject to a post-death tax, particularly after learning that life insurance, retirement accounts, real estate and bank accounts are all taken into consideration when calculating estate tax.

The federal estate tax exemption for 2024 is \$13.61 million per person, so fewer estates are *currently* subject to the federal estate. Unfortunately, current law will soon expire and, one way or another, the future of the estate tax will be decided by the next Congress. If Congress fails to act, the exemption amount will be halved. With proper planning, you can ensure that your estate taxes will be kept to a minimum should Congressional dysfunction result in an extra tax that decimates what you leave behind for your family.

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*Ben Palkowski is an attorney, CPA and co-owner of the Old Colony Law firm, where he focuses his practice on helping families, business owners and public figures protect their assets from creditors, lawsuits and the government. To share your thoughts on this Memo or learn more about Ben, please feel welcome to connect with Ben on [LinkedIn](#) or at [OldColonyLaw.com](#).*