FRANK & KRAFT
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

317-684-1100
frankkraft.com

March 2025

A Fresh Look at Your Estate Plan

Take Advantage of 2025's Gifting Opportunities

As we move into 2025, it's a great time to take a fresh look at your estate plan, especially if it's been a while since your last review. While you may already have a plan in place, this year's updated exemptions and gifting limits could benefit you in ways you don't expect. Whether you are looking to pass wealth down to the next generation or ensure your estate plan is as effective as possible, this year could be a prime opportunity to maximize your plan so it works even harder for you and your loved ones. Let's look at four key strategies and adjustments you can make to tune up your plan and take advantage of the current limits.

New Exemptions and Gifting Limits for 2025

You can give people money or property up to a specific limit every year without owing additional taxes. This year, the annual gift tax exclusion — or the set dollar amount you can give away without reporting it to the IRS — is up to $19,000 or $38,000 for married couples, compared to $18,000 or $36,000 in 2024. You also get a lifetime gift tax exclusion, the amount you can give away over your lifetime without incurring a federal gift tax. Like the annual exclusion, it has also increased significantly for 2025, up from $13.61 million last year to $13.99 million. These numbers change yearly, and in 2026, the exclusion amounts could decrease to a predicted $7 million.

Gifting Strategies

With the increased gifting limits, this could be the perfect time to consider annual gifts to family members and trusts, reducing your taxable estate and helping to build generational wealth. This protects wealth from future estate taxes, especially if your total estate exceeds the exemption limit. By making more significant gifts now, you can take advantage of this year's favorable tax exemption and avoid higher taxes later. Certain gifts, like transferring tuition dollars directly to your child or grandchild's college, aren't considered gifts for tax purposes, so you can consider those types of transfers without reducing your gift exclusion amount.

529 Accounts

Speaking of college tuition, 529 accounts are an excellent way to support the future of the young people in your life. These college savings accounts allow you to contribute to your children's or grandchildren's educational expenses with the added benefit of tax-free growth. Plus, with the annual gift exclusions, you can contribute without worrying about triggering a gift tax. The withdrawals are tax-free, and the money can be used for tuition, books, and even some student loan repayments.

Review Your Plan

The best strategy for maximizing your estate plan and aligning it with your goals is to review it regularly. If you have had significant life changes, like a death, wedding, or birth, make sure your plan reflects these. Also, be sure your current beneficiaries are still accurate. It's critical to reassess your plan periodically to ensure it makes sense for your current family and financial situation and your ultimate wishes once you are gone.

Are you ready to ensure your estate plan is current and working for you? Contact us today to schedule a plan review and learn about strategies you can use for gifting this year.

-Paul Kraft

Crack the Code

Benefits and Drawbacks of the Latest College Aid Forms

Applying for college financial aid has been a moving target recently amid changes in federal rules. One new loophole is good news for families, however. For the first time, grandparents can set aside money in tax-sheltered accounts to help pay a grandchild's college expenses without jeopardizing the student's eligibility for other financial aid.

The benefits could be significant for families planning, saving, and working together toward college-funding goals.

The primary tool to qualify for federal aid and other sources of help is the Free Application for Federal Student Aid (FAFSA). The latest version of FAFSA does not require students to report distributions from grandparent-owned 529 college savings plans. In the past, those distributions could reduce a student's financial aid by half of a grandparent's contribution.

Family members, including grandparents, are playing a growing role in covering soaring college costs. Undergraduate students cannot borrow more than $5,500–$12,500 a year in federal subsidized and unsubsidized loans, depending on their school year and whether they rely on their families. This nearly always falls short of the average annual public university tuition of $11,000 for in-state students, $24,500 for out-of-state students, and $43,500 for private college students. Parents are shouldering an increasing share; 11% take out federal parent PLUS education loans, borrowing an average of $40,000 per parent as of 2020.

Other changes in the FAFSA form have subtler implications for families. The government no longer considers the number of students one family has in college simultaneously to determine eligibility. This is bad news for families with multiple children who want to attend college at the same time.

> *"The latest version of FAFSA does not require students to report distributions from grandparent-owned 529 college savings plans."*

In another change, the latest FAFSA substitutes a new measure, the Student Aid Index (SAI), for the Expected Family Contribution measure used in the past. The SAI ranges from -1500 to 999999, and the lower it is, the greater the likelihood a student will get need-based financial aid.

States' 529 plans, named for Section 529 of the Internal Revenue Code, function like a kind of 401(k) account for education by deferring taxes on investment gains on savings for designated educational purposes. States began to develop these plans in the 1980s to encourage families to save for college, and all states now sponsor some version of a 529 plan.

Other changes include expanding the number and potential size of Pell Grants. The maximum Pell Grant will rise to $8,145 in the 2025–2026 academic year from $7,395 in 2024–2025. While the SAI is calculated based on a student's family size, income, and assets, eligibility for Pell Grants also considers a family's financial standing according to federal poverty guidelines.

In other changes, the revised FAFSA relies on federal tax information provided by the IRS rather than answers provided by applicants. It also asks fewer than 50 questions, compared with 108 in the previous form.

While many people labor over the form's detailed questions, the most common mistake is not filling out the FAFSA at all. This omission excludes students from eligibility for numerous subsidized loans and grants, scholarships, and other aid from the college or university they attend.

Many students wrongly assume they won't be eligible for aid because they or their parents make too much money or their grades aren't high enough. Plenty of circumstances can qualify applicants for grants and awards, from being the first in their family to attend college to being in the military, being unemployed, or planning to major in a specific in-demand subject.

With numerous sources of financial aid in play, the potential rewards of completing the FAFSA are well worth the time invested!

TAKE A *BREAK*

P	E	O	T	L	R	W	G	B	N	Q	V	N	G	W
M	I	N	J	W	X	P	L	A	I	E	L	Z	N	G
W	A	M	I	M	E	U	V	S	X	P	E	J	F	P
H	E	D	U	R	E	B	S	K	Q	M	L	R	M	I
L	V	F	N	B	E	P	Q	E	W	J	B	W	G	S
A	U	V	I	E	R	G	S	T	R	E	V	O	L	C
E	Q	R	E	I	S	B	N	B	E	P	K	R	Q	E
V	D	U	N	W	G	S	I	A	N	I	W	T	I	S
K	Y	G	A	N	Q	K	T	L	T	L	F	P	H	V
W	B	Q	Z	M	I	L	R	L	O	U	U	D	N	O
P	B	B	V	L	A	A	Z	F	S	T	J	G	K	N
C	H	A	M	Q	F	R	I	L	E	F	A	D	X	O
X	Y	J	I	H	A	T	I	S	D	X	E	K	V	O
Z	Z	C	G	A	B	C	I	N	I	V	W	O	N	P
D	C	H	U	E	L	E	P	R	E	C	H	A	U	N

AQUAMARINE
BASKETBALL
BLUEBIRD
CLOVER
GREEN
IDES
LEPRECHAUN
MADNESS
PISCES
SPRING
TANGERINE
TULIP

Not Your Mom's Corned Beef and Cabbage

Inspired by AllRecipes.com

Ingredients

- 1 (4 lb) corned beef brisket with spice packet
- 3 qts water
- 1 onion, quartered
- 3 carrots, cut into large chunks
- 3 celery stalks, cut into 2-inch pieces
- 1 tsp salt
- 2 lbs red potatoes, halved
- 1 small head of cabbage, cut into eighths

Directions

1. In a large pot or Dutch oven over medium-high heat, combine corned beef, spice packet contents, water, onions, carrots, celery, and salt. Bring to a simmer (skimming off any foam on top).
2. Cover pot, reduce to low heat, and let simmer for 3 hours until meat is fork tender.
3. Add potatoes to the pot and let simmer uncovered for 30 minutes or until potatoes are al dente.
4. Add cabbage along the edges of the meat and on top. Cover and let simmer until cabbage is tender, 20–30 minutes.
5. Place meat on a cutting board and let rest for 10–15 minutes. After meat has cooled, slice against the grain.
6. Add to a large serving bowl, ladle vegetables and broth over top, and serve.

All Paws on Deck

Keeping Pets Safe in Emergencies

When a disaster strikes, it's not just your home and immediate family you need to protect; your furry family members also need you to keep them safe. By preparing for the unexpected and ensuring you have the right supplies, lines of communication, and arrangements, you can help reduce the stress and uncertainty for you and your furry companions. Get ready to be all paws on deck with these tips to keep your pets safe during emergencies.

Be Purr-pared With a Plan

Make sure you include your pet in your household's overall emergency plan. You will avoid stressful scrambling at the last minute when a disaster occurs. If you need to evacuate, account for all pets so they don't get hurt or lost in the chaos. Not all public shelters and hotels allow animals to stay, so determine a safe place to take them. It's also important to assign a friend, neighbor, or family member to care for your pets if you cannot. If you have not microchipped your pet, now is a great time. Shelters can scan microchips to determine a lost animal's home and owner's contact information.

Pack for Your Pets

Create an emergency kit for your pets that includes supplies they need to survive a disaster. You should have a few days' supply of food, water, and any medications your pet needs. Ensure you have a backup leash and collar and copies of your pet's registration. Include grooming items and sanitation tools like pet litter and paper towels. Items like favorite toys or your pet's blanket can comfort them in stressful situations like an evacuation.

Travel-Ready Tails

Make sure you are ready to transport your pet in a travel carrier quickly. Place their carrier open in an area your pet is comfortable with, like a favorite napping spot. You can add a familiar blanket and toy inside to reduce their stress and use treats to encourage them to go inside. Make a mental note of your pet's behavior during stressful times so you know where their go-to hiding spots are.

FRANK & KRAFT
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

317-684-1100
frankkraft.com
135 N. Pennsylvania Street, Suite 1100
Indianapolis, IN 46204

PRST STD
US POSTAGE
PAID
BOISE, ID
PERMIT 411

INSIDE *THIS ISSUE*

A NEW ERA FOR ERISA

The Final Rule Transforms What It Means to Be a Fiduciary

For more than 14 years, the U.S. Department of Labor has been trying to determine a new definition of a "fiduciary" under the Employee Retirement Income Security Act (ERISA). A fiduciary provides investment advice for a fee to employee benefit plans. Under ERISA, someone is a fiduciary if they have control over managing or using a plan's assets, provide investment advice for a fee, and have responsibility for managing the plan.

Since 1975, these discussions were only considered "investment advice" if they adhered to a five-part test. However, this past September, the Department of Labor released new regulations called the Final Rule that redefines what it means to be an investment advice fiduciary.

With this recent change, the five-part test goes out the window. The Final Rule expands the definition of who can be considered a fiduciary. Someone is a fiduciary if they regularly provide investment recommendations and advice to retirement investors for a fee. That advice must be based on the investor's needs and reflect expert judgment that serves the investor's best interests. They must also state that they are acting as a fiduciary when giving advice; however, if you've previously received one-time advice, that could now be considered fiduciary advice.

That's a lot of information to swallow, and by now, you're probably wondering how this will affect the average person. In most cases, these changes will only affect those acting as fiduciary advisors and retirement investors, including participants, beneficiaries, IR owners (Ingersoll Rand Inc.), and anyone else involved with an ERISA plan. Through the Final Rule, you should receive better advice that puts your interests first, providing more transparency about recommendations and any fees involved. It should also create greater accountability for advisers, brokers, insurance agents, and anyone else acting as a fiduciary.

All in all, this is a great change for those who interact with fiduciaries. You can rest assured knowing the advice you receive will benefit you and your investments.