

WealthTec® Suite Updates

Highlights of each 2019 **WealthTec Suite** update are listed below. For a detailed discussion of the extensive 2018 Release Notes please click the link for [Developments](#) on this Web page.

v2019.13 – 05/16/19

- This update fixes an error that prevented the Retirement Simulation Planner (RSP) to produce output in the unmarried client scenario.

v2019.12 – 04/28/19

- In the Cash Flow & Estate Planner (CFEP), in addition to the annuitization feature for nonqualified annuity contracts you can model other distribution sequences (e.g., the "Spigot" method). These other annuity distributions can now be modeled as guaranteed (via contract rider), so that even if the target distribution exceeds the then cash value of the contract that distribution will be made.

v2019.11 – 04/19/19

- In the CFEP the sale to grantor trust (i.e., IDGT) technique now includes the ability to accelerate the retirement of the outstanding note with trust cash flows in excess of scheduled debt service payments (and life insurance premiums, if applicable).

v2019.10 – 04/12/19

- The CFEP adds support for net income with makeup charitable remainder unitrusts (NIMCRUTs). These are set up in a manner similar to other charitable remainder trusts on the Cash Flow & Estate Planner: Inter Vivos Charitable Remainder Unitrust screen. However, the NIMCRUT investments can be managed through a family limited partnership (FLP) or limited liability company (LLC). In that situation, the CFEP's NIMCRUT illustration is similar to the one produced by the Partnership NIMCRUT Planner.
- Also in the CFEP you can now model a two-tiered investment rates approach for each charitable remainder trust, which is especially common when modeling NIMCRUTs.
- In all of the planners that model charitable remainder trusts (CRT) adjustments were made to the tax treatment of the trust payouts. Specifically, the classification of payouts from the first tier (i.e., the one that includes ordinary income and qualified dividends) was modified. If your entries for *Qualified Dividend Percentage* were equal to 100%, there is no impact from these changes in all CRT planners other than the IRA CRT Planner. However, if your entries were less than 100% the ordinary income portion will generally be higher than in earlier versions (relative to the qualified dividend portion).
- The changes made to the tier one CRT payout accounting affects the IRA CRT Planner by increasing the ordinary income portion of each payout (relative to qualified dividends) until the net ordinary income amount transferred to the CRT (i.e., the ordinary income portion minus the IRD deduction under §691(c)) has been fully paid out to noncharitable beneficiaries.

v2019.9 – 04/02/19

- The CFEP and EstatePro each have a new rental payments feature associated with lifetime transfers to qualified personal residence trusts (QPRTs). Here, the program assumes that the senior generation continues to occupy the residence after expiration of the QPRT term (aka, estate tax inclusion period or ETIP). To avoid inclusion of the transferred property in the gross estate after the ETIP expires, the senior generation would make annual rental payments to the trust at the then prevailing fair rental rate. The program illustrates how this variation of the QPRT technique can create greater transfer tax-free leverage by accumulating the annual rental payments at the assumed investment rates.

v2019.8 – 03/24/19

- The CFEP and EstatePro each have a new *Tax laws to apply – SALT deduction* input item. The new assumption gives you independent control over the application of TCJA's annual deduction limitation of state and local tax taxes during the post-2025 period.
- The new input assumption is also included in Pinnacle to enable you to apply the assumption on a global basis, which in this instance means apply the global assumption to the CFEP and EstatePro equally.
- The CFEP, EstatePro, RSP and Synergy include a report that displays the raw, year-by-year financial values (on a per-trial basis) that are recorded as part of a Monte Carlo simulation (MCS). You can export this report to Excel and create your own statistical analyses and/or customized tables and charts on the basis of the raw data.

v2019.7 – 03/05/19

- EstatePro supports qualified charitable distributions (QCDs) from IRAs, eligible for taxpayers aged 70 ½ and older. There is a new *QCD %* input assumption on the EstatePro: Asset Distributions screen. The program computes QCDs on the basis of planned distributions (including required minimum distributions) and automatically applies the per-taxpayer limit of \$100,000/year for each spouse. QCDs are excludable from gross income, not counted as itemized deductions and are tracked as part of the main (i.e., public) charity fund.
- The CFEP supports QCDs from IRAs in a manner similar to EstatePro. The new input assumptions can be found on the Cash Flow & Estate Planner: Traditional IRAs and the Cash Flow & Estate Planner: Inherited IRAs input screens. A new Qualified Charitable Distributions Illustrations report is listed under the *Taxes* reports menu.

v2019.6 – 02/18/19

- The CFEP state taxable income calculation now starts with federal taxable income before the Qualified Business Income Deduction.
- The CFEP's State Taxable Income Illustration report was adjusted, so that the state addition for state income taxes displayed is limited to the \$10,000 federal SALT limitation under TCJA. This change only affects the display and not the underlying calculations of state taxable income or state income taxes.
- The CFEP's State Taxable Income Illustration report was further adjusted by reducing state taxable income by the full amount of property taxes where state taxable income is based on "Federal TI" (per your calculation method selection on the Cash Flow & Estate Planner: General input screen).
- Finally, the CFEP's State Taxable Income Illustration report includes a new *Other Adjustments* column to capture the additional property tax deductions referred to above, along with the post-2025 Pease limitation adjustments attributable to non-state income tax deduction items (i.e., so the schedule is able to reconcile the differences between federal taxable income and state taxable income).

v2019.5 – 02/14/19

- The Partnership NIMCRUT Planner was resurrected after a multiyear hiatus, so it's now part of the *Tactical Planning* planners group of **WealthTec Suite**. Funding a NIMCRUT with a FLP or LLC interest—the FLP or LLC holds appreciated property—offers the family more control over the timing of distributions from the FLP or LLC, thereby offering the potential for significant tax deferral. This creative, advanced planning technique can be illustrated nicely with the Partnership NIMCRUT Planner, which is also linked to the PowerPoint® presentation that covers NIMCRUTs.
- The New York, Maine and Hawaii estate tax exemptions/exclusions were updated, which affects estate tax calculations in the CFEP, EstatePro, OptiMarital Planner and Synergy.
- Oregon estate tax calculations were updated. Before the fix, the \$1M exemption was effectively being double-counted, because it's essentially embedded in the tax table. The CFEP, EstatePro, OptiMarital Planner and Synergy are affected.

v2019.4 – 02/10/19

- EstatePro includes input assumptions for dividing testamentary charitable transfers between the main charity (i.e., a public charity or charities) and a private foundation. Testamentary charitable transfers may be derived from specific asset bequests, specific life insurance bequests, residuary bequests (including from a marital trust established on the first death) and a charitable transfer upon the second death from a credit shelter bypass trust funded at the first death. Please see the detailed guidance on the EstatePro: Basic Estate Planning Assumptions screen, under *Charitable Bequests Division*.

v2019.3 – 02/06/19

- EstatePro includes state deductibility input assumptions for items entered on the EstatePro: Expenses screen, along with state deductibility of interest payments on the EstatePro: Debts screen. The program computes an appropriate adjustment annually to state taxable income that accounts for the differences between federal and state tax deductions.
- The rounding convention for Social Security benefits is now user defined via a drop-down list selection in the CFEP, EstatePro and the RSP.

v2019.2 – 01/20/19

- EstatePro includes a new Financial Assets & Cash Flow Summary report that follows an identical layout to that included in the CFEP report set.
- The qualified business income deduction under Code §199A is recomputed, so that the 20%-of-taxable income limitation is reduced by the amount of qualified dividend income in arriving at adjusted taxable income. Previously this limitation was reduced only by the amount of net long-term capital gains. This change affects the CFEP and EstatePro.
- You can elect to have EstatePro apply the applicable threshold amount to the Unearned Income Medicare Surtax (aka, Net Investment Income Tax) calculations. You are advised to review the System Conventions and Data Input help sections associated with EstatePro to better understand when it would be inadvisable to have the threshold amount apply.

v2019.1 – 01/02/19

- Tax-related items throughout the system are updated to reflect IRS annual indexing.
- State death tax calculations were updated to reflect relevant legislative changes in the affected jurisdictions.
- In the CFEP and EstatePro the one-time market decline feature is expanded, so that it now explicitly refers to 1-2 independent, extraordinary market events (i.e., advances or declines). This feature can be used in conjunction with MCS.
- The compensatory stock options section of the CFEP was further refined to account for grant lapses for "permanently" underwater option grants after the planned exercise date, and to account for postmortem acceleration of vesting where indicated (i.e., a user-controlled parameter).
- The Portfolio Simulation Planner has been enhanced via new input sections, assumptions and calculations and rebranded as the Retirement Simulation Planner.