

*New MN Estate Tax Relief
Retroactive to January 1, 2017*

After tumultuous regular and special sessions, the Minnesota Legislature approved H.F.1, the omnibus tax bill. The tax bill includes changes to the estate tax as follows:

- The **2017 exemption is bumped up to \$2,100,000** from \$1.8 million
- **2018 exemption is now \$2.4 million**
- **2019 exemption is now \$2.7 million**
- **2020+ exemption is \$3 million**

These changes increase the overall estate tax exemption from \$2 million (currently being phased in and would be completely phased in next year) to \$3 million over a four year period. Don't forget that farmers and small business owners can pass up to \$5 million without paying estate tax. These changes benefit many of our clients concerned with estate tax. However, a legal battle in St. Paul may affect these changes.



**Welcome Attorney
Alyssa K. Jerde!**



Alyssa K. Jerde joined Ward & Oehler as an associate attorney in May 2017. Her practice areas include estate planning, probate, farm and business law, and real estate.

Alyssa received her Juris Doctor, magna cum laude, from Mitchell Hamline School of Law in January 2017. In addition to her J.D.,

Alyssa completed certificate programs in Law and Business, International Business Negotiation, and Advocacy and Problem Solving. Alyssa received her Bachelor of Arts Degree, magna cum laude, from Winona State University in 2013.

Alyssa is a member of the Olmsted County Bar Association, the Minnesota State Bar Association, the American Bar Association, and Women Attorneys of Rochester. Alyssa is also a Qualified Neutral under Rule 114 of the Minnesota General Rules of Practice and volunteers as a community mediator with Mediation & Conflict Solutions in Rochester, Minnesota.

Feel free to contact Alyssa at alyssa.jerde@wardoehler.com

Look inside to learn more about Alyssa Jerde.

New Law Allows 529 Plan Tax Incentives for Minnesotans



Until recently, Minnesota was one of a few states that did not offer any tax incentives for 529 college savings plans. New legislation, passed as part of the 2017 omnibus tax bill, allows either a credit or a deduction for Minnesotans saving for college through these popular plans.

What is a 529 plan?

A 529 plan is a tax-advantaged savings account that is intended to be used for college expenses. The plans are administered by each state (including Minnesota), and a family can invest in most states' plans. Funds invested in

the plan grow tax free, similar to a traditional IRA or 401K. Distributions from the plan are not taxable if used for qualified college expenses, such as tuition and books.

What is the tax incentive?

Under the new law, a Minnesota family investing in a 529 plan could be eligible for either a deduction or a credit. The credit is equal to half of the contribution for the year, with a maximum credit of \$500. The credit is phased out for individuals and married couples with higher incomes. On the other hand, there are no income phaseouts for the deduction. The deduction is equal to the amount of the contribution for the year, up to \$3,000 for married couples or \$1,500 for individual filers. A person may claim only the credit or the deduction.

Do we have to use the Minnesota 529 plan?

No. The tax incentives are available for contributions to any qualified account. As long as the account is recognized as a 529 plan by the IRS, it qualifies for the tax incentives.

How is college savings part of our estate plan?

Planning for college - whether for children or grandchildren - can be a great way to set your loved ones up for a bright future. College savings accounts can also be used as part of your estate plan. Contributions to a 529 plan are removed from your estate and are therefore not taxable in your estate, yet you can maintain control over the account. These plans can be a good way to use annual exclusion gifts in a way other than writing a check to the beneficiary. The new state tax incentives make this an even better deal for some savers.

It's also important to remember that college students should prepare health care directives and power of attorney forms so that someone can act on their behalf if needed. See the post on our website at www.wardoehler.com on [Estate Planning for College Students](#).

Our attorneys help families and individuals implement their estate plans everyday. [Contact us](#) today if you are interested in scheduling a meeting to discuss your estate plan.

Q & A with Attorney Alyssa Jerde

Q: Where did you grow up? How long have you lived in the area? Tell us about your family.

A: I was born and raised here in Rochester. My parents moved to Minnesota from Iowa in 1989 and we've lived here ever since. My dad is a Financial Analyst with IBM and my mom is a middle school Special Education Teacher with Rochester Public Schools. I have two younger brothers – one is working and finishing out his bachelor's degree and the other will be a senior in high school this year. My husband – who works in Pharmacology Research at Mayo – and I met in high school and currently live in Rochester with our dog, Bobo.

Q: Tell us about the events that led you to where you are now (i.e. education, career path).

A: I graduated from Century High School in 2009 and moved to Winona to attend Winona State University. I double-majored in Literature and Creative Writing, with the intention of going on to get my PhD in Victorian Literature and becoming a professor. My dad and I had always talked about how great it would be to go to law school together, but I never really considered law school as a real option until I got an internship with a local law firm my junior year of college. I ended up working as a legal assistant for a firm in Byron and moving my way up there while going to law school. During my time there, I realized how much I enjoy working with people and their families to help them find peace of mind in having a well-crafted estate plan. I finished law school in two and a half years, and had the opportunity to complete three certificate programs while I was in school. During my International Business Negotiation certificate program, I had the opportunity to “meet” and negotiate with other students from all over the world, including Africa, Hungary, and Australia. In my other certificate programs, I had the opportunity to learn and practice negotiation and mediation strategies from a hostage negotiator from Jerusalem and to create a mock start-up company from start to finish with the help of a respected business attorney from Minneapolis. I joined Ward & Oehler, Ltd. as an associate attorney in May.

Q: What else would you like us to know?

A: Estate planning is not just for the elderly, the wealthy, or those with kids. So many times when I speak with people, especially my peers, about estate planning, I get a response along the lines of, “I'm so young, I'm not going to die anytime soon so I don't need to worry about it!” or “I'm broke – there's nothing I have that anyone would ever want!” or “I'm single, who cares where my stuff goes?” There are a lot of means by which to distribute assets after death without necessarily needing a will, but a valid health care directive, which names an agent or agents to act on your behalf for medical decisions, and a power of attorney, which names an agent or agents to act on your behalf for financial decisions, are so important. Once a person turns 18, their parents have no authority to make decisions for them, so if, say, you're 25 and single, and you're in a car accident, your parent or significant other (non-spouse) would likely have to go to court to get a guardianship and/or conservatorship approved to make decisions for you, which is often a very expensive and very stressful process. A health care directive and power of attorney are fairly inexpensive to draft and the peace of mind they give are priceless.

New Law Provides Tax Credits for Landowners and Beginning Farmers

A new Minnesota law provides tax incentives to support the transition of agricultural land to beginning farmers by giving landowners a tax credit against the tax due on the sale or rental of agricultural assets. The credit is equal to up to 5% of the sale price, up to a maximum of \$32,000 in the case of a sale. The sale or rental must be to an unrelated beginning farmer.

Any retiring farmer or landowner considering a sale should consider qualifying for these incentives. The credits are available on a first-come, first-serve basis.



Minnesota's farming population is aging; in fact, less than 6% of Minnesota farmers are 35 years old or younger.

Visit our website at www.wardoehler.com for more information on this and so much more.

WARD & OEHLER, LTD.

1765 Greenview Drive SW
Rochester, MN 55902

*Want to change your subscription settings to this quarterly publication?
Email our office manager, Mary Lynn, at marylynn.schiltz@wardoehler.com
or call (507) 288-5567.*

Also available as a print newsletter.