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With Tax Laws in Flux: What Should Business Owners Do Now?

As we wrote last week, on September 13, 2021, Democrats in the House of Representatives released a new \$3.5 trillion proposed spending plan that includes a wide array of changes to federal tax laws. Specifically, the Democrats proposed a number of significant tax increases and other changes to fund the plan, including increases to personal income tax rates and the capital gains tax rate, along with a major reduction to the federal estate and gift tax exclusion and new restrictions on qualified business income (QBI) deductions.

While the proposed legislation is still under consideration and far from being finalized, given the broad-reaching impact these changes stand to have, we strongly encourage you to contact us now if you would be affected by the proposed legislation should it eventually pass. With the exception of capital gains rate increase, which could go into effect on transactions that occur on or after Sept. 13, 2021, most of the proposed changes would be effective after December 31, 2021, meaning that you do have time to plan now.

Due to the time it takes to plan and execute some of the financial and estate planning actions we'd support you with, we suggest you start strategizing now. However, please note that we expect to be quite busy with those who do decide to take action before year's end, so please contact us as soon as possible to get onto the calendar, if you intend to make changes to your business or estate planning this year.

That way, you'll have plenty of time to take appropriate action before the end of 2021. In addition, whether you will be impacted by any of these proposed changes or not, if you know that this is the time to get your affairs in order and have trusted guidance to do so, please contact us, your Family Business Lawyer™ as well, so we can get your planning handled before year's end. Now is the time to get started.

Last week in part one, we discussed the new bill's proposed changes to tax rates and estate planning vehicles, including several different types of trusts. Here, in part two, we'll focus on what you should do now, given that the tax law is in flux and we may not have clear answers until close to the end of the year.

If you read last week's article, or if you've been following the news about the coming changes, you know that none of us know what will ultimately happen—or even when we will know the final outcome. Given that the 2017 Tax Cuts and Jobs Act was not passed until December 2017, and the same thing could happen here, with some provisions potentially impacting your taxes

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this year, as well as provisions that could impact decisions you'd make for next year, but those decisions must be made now, what should you do?

This is exactly why we say it's so important for you to have a relationship with a Family Business Lawyer™ who will support you on an ongoing, consistent basis and support you to get the guidance you need when you need it. As you likely well know, the one constant in life is change.

You acquire new assets. A child grows up and moves out. You change jobs, start a new business, or leave an old one. A parent needs more care than before and eventually dies.

In our book, a life in motion is a life well-lived. And when you have a life in motion, you need ongoing direction, guidance, and support from a trusted advisor you can count on to be there for you through it all.

That's us.

We are tracking the tax law changes, so you don't need to—we know you've got far more important things to focus on in your life. We are consulting with financial advisors, CPAs, and our own mentors to ensure we've got our hearts and minds focused on the coming changes, so we can keep you informed and help you make the best decisions for yourself and the people you love.

That said, here's what we know for sure—this last quarter of 2021 is going to be quite full, and it's going to fly by. So, if you have not already taken action to get your affairs in order, here's what you should do now to be most prepared for whatever new changes eventually come down the pike:

1. Engage us as your Family Business Lawyer™ and get started by going through our legal audit.
2. By going through our legal audit, you'll be able to identify any gaps or weak spots in your company's legal, insurance, financial, and tax foundation that need the most attention.

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3. Additionally, by meeting with us, your Family Business Lawyer™, you'll also get a clear view into what assets you have, where they are, and we will be on your team with clarity about what will be impacted by the new tax law changes, so we can get into action for you when the final bill is passed by the end of the year.
4. If you have already done your planning with us, and you think you may be impacted by any of the tax law changes we wrote about last week—most notably if you have an estate valued over \$5 million or you have a business that you think could grow to over \$5 million before your death, you have retirement account assets valued in excess of \$10 million, or you have retirement account assets that are invested in a self-directed IRA in non-registered investments—get in touch with us immediately, so we can schedule a meeting with you, your financial advisors, and your CPA to begin to plan strategic action now.

NOTE: Even if the size of your estate or business is far less than this and you have not engaged in any tax planning yet, you might think you can continue to put it off. But here's why you should not wait to plan, even if you have a fairly small business or estate.

Whether you will be impacted by the tax law changes or not, if you were to become incapacitated due to illness or injury today, or if you were to die tomorrow, your family would be left with a mess. Even if you have done your own estate planning with a DIY online service, your family would still be left with a mess. If you have yet to create a plan, no matter how the tax laws change, your family and business would be left with a mess. And it does not have to—and frankly should not—be that way. If you've ever experienced such events in your own family, you know the cost of such a mess.

If you haven't already, consider what it is that is keeping you from getting your affairs in order. Then, think about the potential cost to you, your family, and your business if you don't take the time to properly manage your affairs, and your loved ones are forced to do it for you.

This is exactly why we've structured our firm as we have: Our number-one goal is to make the planning process as affordable, effective, and easy for you while providing the most benefit beyond just dollars and cents.

Most of our clients leave their initial meeting with us saying, "Wow, I never expected to feel like this after talking about my estate planning." Our process is designed to help you be a better

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parent, a better business owner, and a better citizen of our community—and that’s exactly how you’ll feel when you are done.

So again, we don’t know yet exactly what the government will do about the coming tax law changes. What we do know is there will be change. And with that in mind, we are reaching out directly to our clients who we already know will be impacted by that change.

If you are not yet a client, contact us to get started today. It’s going to be an incredibly busy few months until the year’s end, and that starts right now. As your Family Business Lawyer™, we would love to help you get your affairs in order, so you can be prepared for whatever happens.

Don’t Wait To Take Action

If your business or personal finances stand to be impacted by any of the new bill’s proposed changes, it’s crucial to take action as soon as possible to ensure that whatever changes to your planning that need to be made can be planned and executed before the end of the year—or in some cases, even sooner. Not only that, but given the number of proposed changes that are coming, financial advisors, CPAs, and estate planners are sure to be extremely busy in the coming months.

With such limited time, don’t wait to schedule an appointment with your Family Business Lawyer™. The sooner you meet with us, the sooner we can make certain that you can properly amend your planning strategies to minimize the impacts of this new bill on your business and personal planning.

And as we mentioned above, even if the value of your business or estate is relatively modest, and you know that you won’t be impacted by any of the new tax law changes, you still need to get your affairs in order to protect and provide for your family should something happen to you. If you’ve yet to put your estate plan in place, contact your Family Business Lawyer™ today, so you can finally take care of this vital task and do right by those you love. Don’t put it off any longer—contact us right away to get started.

This article is a service of Saeed & Little LLP, Family Business Lawyer™. We offer a complete spectrum of legal services for businesses and can help you make the wisest choices on how to deal with your business throughout life and in the event of your death. Call us today to schedule.

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