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Plan now for 2025 estate tax exemption changes

The federal estate tax exclusion amount is \$13.61 million per individual in 2024.

However, this exemption is set to sunset at the end of 2025 and be reduced to an estimated \$7 million per person.

This shift creates a planning imperative for high-net worth individuals. Prompt action can help reduce future estate and generation skipping transfer taxes.

Lifetime giving

"Lifetime giving" refers to the intentional transfer of assets from an individual to another recipient during their lifetime, rather than as part of their estate after death. That can take various forms, including:

- *Direct gifts:* Providing cash, property, or other assets directly to beneficiaries, typically in smaller amounts, often utilizing the annual gift tax exclusion (\$17,000 per recipient in 2024) to avoid incurring gift tax liabilities.
- *Larger gifts:* Making larger transfers above the annual exclusion that count towards the total lifetime gift tax exemption. These can be strategic choices to reduce the taxable value of your estate.
- *Charitable giving:* Donating assets to qualified charitable organizations during your lifetime. That can result in tax deductions and reduce the overall taxable value of your estate.
- *Irrevocable trusts:* Establishing trusts that hold assets and transfer ownership rights to beneficiaries outside of your estate. These can be designed to provide income for beneficiaries, avoid probate, and reduce estate tax liability.



By strategically transferring assets through lifetime giving, before the exemption drops, individuals can effectively shield a portion of their wealth from potential future estate taxes.

Irrevocable trusts

Dynasty trusts and spousal lifetime access trusts (SLATs) can be valuable tools for minimizing tax liabilities and preserving wealth for future generations. However, each serves different purposes and has specific considerations:

- *Dynasty trusts:* These trusts are designed to hold assets and pass them down through multiple generations, providing long-term wealth protection and avoiding estate taxes at each generational

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Unique legal issues facing today's blended families



According to recent data from the Pew Research Center, 16 percent of children in America live in blended families that include either a step-parent, a stepsibling or a half-sibling. Meanwhile, 40 percent of American families may be considered “blended” with one partner having a child

from a prior relationship.

With blended families, however, come unique legal issues.

One such issue is custody and visitation rights. In a blended family in which both partners have brought in children from a prior marriage or relationship, they each probably have their own custody and visitation arrangements based on what a judge determined to be in the children’s best interest. It’s possible that changing family dynamics after a remarriage can complicate those arrangements, particularly around holidays, vacations and stepsiblings’ custody arrangements, which may cause conflict between exes.

In such a case, particularly if you feel like your ex is unilaterally altering arrangements to meet the needs of his or her new family or being unreasonably inflexible

in response to your needs, don’t take matters into our own hands. Instead, consult with an attorney who can provide legal guidance.

Creating a blended family may also mean that you need to redo your estate plan. In particular, you may need to redo your will to ensure that your new spouse replaces your former spouse as a beneficiary. And if you want to provide for your stepchildren in addition to your biological children, you will need to make sure they’re in your will as well, since stepchildren have no automatic inheritance rights in most states.

Similarly, you would need to update your beneficiary designations in your bank accounts, retirement accounts, and life insurance policies to reflect your wishes, particularly if you want your stepchildren to benefit.

Meanwhile, trusts — where assets are managed by a trustee who distributes income generated by trust assets to the named beneficiaries according to the creator’s wishes — can be impacted by blended families as well. Typically, in a blended family, a trust will need to be divided into two parts: one part that’s controlled by the surviving spouse (likely the stepparent), while a second part is for the benefit of your children (and your stepchildren if you so desire).

There are other issues that can arise in a blended family following divorce and remarriage as well. An experienced family law attorney can help you navigate them.

We welcome your referrals.

We value all of our clients. While we are a busy firm, we welcome your referrals. We promise to provide first-class service to anyone that you refer to our firm. If you have already referred clients to our firm, thank you!

EEOC taking closer look at employers’ qualification standards under ADA

If your company imposes qualification standards on employees, such as requiring them to meet certain medical or physical standards, pass certain tests, or complete certain trainings, you should have an employment law attorney review your policies, standards and testing processes.

Over the past year, the U.S. Equal Employment Opportunity Commission has been putting employers under a microscope to determine if they are running afoul of the federal Americans with Disabilities Act by using qualification standards to screen out persons with disabilities.

For example, the EEOC initiated an enforcement action last fall against Union Pacific Railroad for requiring locomotive engineers and conductors to pass a “light cannon test” to confirm that they did not have a color vision deficiency. According to the EEOC, the test does not accurately assess whether someone can identify the color of railway signals, and it has resulted in the illegal termination of employees on the basis of perceived disability. The EEOC is seeking back pay and damages for affected

employees.

The EEOC has also sued Alliance Ground International, a major cargo logistics and handling company that allegedly refused to hire a qualified applicant to handle mail at one of its facilities because he was deaf.

Alliance Ground allegedly denied the applicant a position because of a false assumption that hearing-impaired individuals cannot work safely in a warehouse setting. According to the EEOC, Alliance Ground failed to explore the numerous accommodations that could be made to enable qualified deaf workers to perform the required job functions.

Meanwhile, the EEOC brought an enforcement action against retail giant Walmart alleging that Walmart violated the ADA by firing employees with disabilities who, despite satisfactory job performances, failed to pass a training course shortly after they were hired. The EEOC claims the test was unrelated to the employees’ duties.

Reminder: Corporate Transparency Act reporting is now in effect

As a reminder to small business owners, new federal reporting requirements under the Corporate Transparency Act (CTA) took effect on January 1, 2024. Nearly every U.S. business entity, including LLCs, will be required to report ownership details to the Financial Crimes Enforcement Network (FinCEN) within one year. The reporting portal is now open at fincen.gov/boi.

Who must comply?

The CTA affects over 30 million small businesses that are either incorporated or registered to do business in any U.S. state or jurisdiction. Certain exempt entities include SEC-reporting public companies, regulated financial institutions, insurance companies, and tax-exempt non-profits.

What information is required?

Affected companies must file a Beneficial Ownership Information Report (BOIR) that provides:

- Entity details, including legal name, address, and tax ID number.
- Information on each beneficial owner — any individual who either directly or indirectly owns 25%+ or exercises substantial control over the entity. Required details include full legal name, birthdate, current residential address, and identification details (e.g., passport or state-issued ID).

Reporting companies formed before January 1, 2024, will have a year to submit their BOIR. However, any companies formed on or after that date have just 90 days to file. Additionally, businesses must keep their beneficial ownership information up-to-date and file an amended report within 30 days of any changes.

Be aware that FinCEN recently issued a notice about fraudulent compliance notices asking recipients to click suspicious links regarding CTA reporting.



FinCEN is not mailing such notices. As always, be wary of clicking links or scanning QR codes unless you have verified the message is coming from a trusted source.

Tips for streamlined compliance

- Identify all beneficial owners now using the “substantial control” criteria (e.g., senior officers, important decision-making authority) at fincen.gov/boi.
- Collect required identifying details and documentation early.
- Consult advisors with questions on complex ownership structures.

Congress may act and delay filing deadlines, but for now treat the above deadlines as firm and plan accordingly. Start preparing now to file complete and accurate beneficial ownership information on time. Penalties from \$500 up to \$10,000 per day could be assessed for failure to comply.

Plan now for 2025 estate tax exemption changes

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transfer. As an added benefit, they can protect assets from creditors and lawsuits.

- **SLAT:** These tools allow one spouse to transfer assets to a trust for the benefit of the other spouse, while still retaining some indirect access to the assets. SLATs can be particularly helpful for couples with a significant disparity in their individual estates, allowing them to equalize their estates and maximize the use of both exemptions.

Anti-clawback rule

As noted, the federal estate tax exemption is historically high right now. But it is scheduled to revert to approximately \$7 million at the end of 2025. That led to concerns about whether there would be an “clawback” for those who planned early but died after the higher exemption sunset.

To alleviate this, the IRS issued guidance with an “anti-clawback rule.” That allows taxpayers to lock in use of today’s high exemption when making lifetime gifts.

Specifically, it says that any gifts made when the higher exemption applied would not be brought back into an estate after 2025 for tax purposes.

This guidance provides confidence for those looking to make large gifts now.

The countdown is on

Remember, you have less than two years to take advantage of the current exemption limits. Consult with a qualified attorney. Each individual’s situation and goals are unique, and determining the best lifetime giving strategies requires professional guidance.



Things to avoid when bringing a medical malpractice case



If you have been treated by a doctor or other medical provider and believe they did not provide the level of care that a reasonably competent professional in their position would have provided, and you suffered harm as a result, you may have a medical malpractice claim.

In such circumstances, a good medical malpractice lawyer can help you seek compensation for the injuries and trauma you've incurred, while protecting your rights along the way.

You can also help your attorney by making sure you do certain things that can strengthen your case.

For example, you should keep good records. This means doing things like taking photos of your injuries, keeping a daily journal of how you are feeling physically and emotionally every day, and maintaining a record of all treatments, prescriptions and conversations with medical professionals. Such

records will help you establish damages (the harm you've suffered), particularly the "non-economic" type such as pain and suffering, which can otherwise be difficult to quantify.

You should also contact an attorney as soon as possible. That's because your state has a "statute of limitations," which means if you don't file your court case in a certain amount of time after the alleged malpractice occurs (typically two or three years, but it varies), you lose the right to file forever. There may be exceptions that can give you more time, but you don't want to risk it.

Additionally, once you've filed a case, you want to be completely honest with your lawyer so he or she can determine a good strategy. Withholding important information from your attorney out of lack of trust or embarrassment or any other reason can lead to surprises further down the line that can harm your case.

Finally, it's a good idea to stay off social media while you have a case pending. Otherwise, you risk posting things that can potentially be twisted and used against you in court.