PRESIDENT BIDEN'S 2022 "GREEN BOOK" PROPOSAL:

What affluent families & business owners need to be aware of.

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On May 28, 2021, the U.S. Treasury Department released its "Green Book," formally known as the General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals. This 2022 Green Book Proposal includes significant tax law changes that could affect affluent and business owner taxpayers who are urged to consult with their financial, tax and legal professionals immediately to plan accordingly and take advantage of any fading planning opportunities while there is still time to do so.

Below is a high-level summary of several key tax law changes therein:

Proposed Tax Law Change	Proposed Effective Date
Top Federal long-term capital gain and qualified dividend tax rate of 43.4%, including the 3.8% Net Investment Income Tax, for married joint filers with Adjusted Gross Income over \$1,000,000 (\$500,000 for single or married separate filers)	Retroactive , for gains recognized after the date of announcement (likely at or around 4/28/2021)
Top Federal individual income tax rate of 39.6%	Prospective , for taxable years beginning after 12/31/2021
Federal corporate tax rate of 28%	Prospective , for taxable years beginning after 12/31/2021
Gift or death treated as realization events by the donor or decedent, causing recognition of gain in property transferred to someone other than a spouse or charity as taxable income for gains exceeding a \$1,000,000 lifetime exclusion, plus \$250,000 for gain in a primary residence, per person (\$2,500,000 total exclusion for married couples)1	Prospective , for gifts made or individuals dying after 12/31/2021
Eliminate deferral of gain in IRC § 1031 like-kind exchanges for such gains exceeding an annual exclusion amount of \$500,000 per person (\$1,000,000 for married couples).	Prospective , for exchanges finalized in taxable years beginning after 12/31/2021
Carried interest recognized as ordinary Income	Prospective , for taxable years beginning after 12/31/2021

'Transfers of property to, or distributions from, irrevocable trusts, partnerships or non-corporate entities would be recognition events as well. Transfers to split interest trusts, such as charitable remainder or lead trusts, would also be recognition events with an exclusion for the charity's share of the gain based on the charity's share of the value transferred as determined for gift or estate tax purposes. Unrealized gains inside a trust, partnership or non-corporate entity would be recognized and subject to income taxation every 90 years with the first recognition date being 1/1/2030.



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No proposed changes to tax laws related to the following items were included in the Green Book: Taxation of life insurance cash value build-up or death benefit proceeds,

Corporate Owned Life Insurance (COLI), Non-Qualified Deferred Compensation (NQDC), Qualified Business Income (QBI) deductions under IRC § 199A, or individual estate and gift tax exclusion amounts and tax rates.



Four actions taxpayers can consider with the guidance of a tax or legal professional in light of these proposals:

- Affluent individuals should make completed gifts and make use of the current \$11,700,000 lifetime exclusion amount before the end of 2021 to avoid taxation of unrealized gains upon gifts made or death occurring thereafter.
- Affluent individuals can acquire life insurance to help pay estate or income taxes upon death with an income taxfree death benefit.
- Individuals with investment real estate assets should complete any planned IRC § 1031 tax-free exchanges prior to the end of 2021 to qualify for tax-deferral of any corresponding unrealized gains.
- Corporations can acquire COLI to help fund executive benefits for key employees and mitigate higher future income taxes.



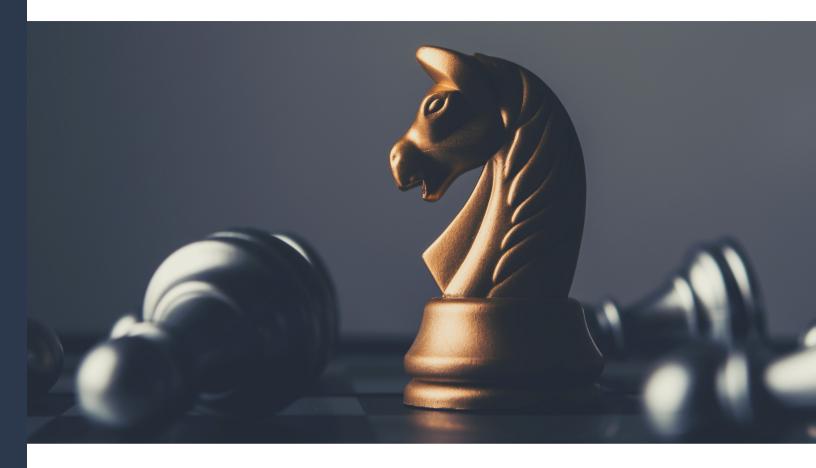
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The President's budget and Green Book are only proposals. While influential, Congress must ultimately craft and pass legislation first. 'Transfers of property to, or distributions from, irrevocable trusts, partnerships or non-corporate entities would be recognition events as well.

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The ArisGarde Advantage

"A firm structured to fit the individual situations of any client is a firm that bridges the gap between identifying goals & achieving them."

~Joshua Friedlander, Founder & Managing Partner

ArisGarde is a combination of the Greek word "Aris", meaning "best", and the word "Avant-Garde", meaning "innovative and cutting-edge".

We strive to be the best firm available for our clients by taking a creative approach and leveraging our experience to provide a plan that helps them reach their goals. ArisGarde focuses on the challenges faced by many of its clients. These are generally centered around time, coordination, and continuity.

We seek to remove these barriers, and create solutions-driven plans specific to client goals.

ArisGarde is a proud industry expert and believes that collaboration is key to the success of any plan.

