

2015 Tax Exemptions and Updates;  
How do you spell ILIT and why would you want one?



HAPPY NEW YEAR!

Vol. 4, Issue 1

Wishing you health, happiness and prosperity in  
the New Year.

Happy 2015 from Holmes Shirley Law! \_



---

## **How Do You Spell ILIT? And Why Would You Want One?**

ILIT stands for an **Irrevocable Life Insurance Trust**. An ILIT is a trust that holds a life insurance policy. Its primary purpose is to keep life insurance proceeds out of the estate of the settler or grantor (the individual creating the trust). With the current high estate tax exemption (see below), the need for ILITs to reduce the total value of an estate has decreased dramatically.

However, ILITs can also be useful to create liquidity for estates with mostly illiquid assets (real estate, business interests, etc), leverage the generation skipping tax exemption, protect beneficiaries from creditors and encourage responsibility in beneficiaries. If an ILIT is a good tool for your estate plan depends on a number of factors and should be contemplated after your foundational planning is in place. Questions about ILITS or other irrevocable

trusts? Call us at 720-248-7621 or email [karen@HolmesShirleyLaw.com](mailto:karen@HolmesShirleyLaw.com)

---

## 2015 Tax and Estate Numbers

A few reminders and updates on 2015 tax numbers:

The estate tax exemption amount increased to \$5.43 million per individual (\$10.86 per married couple) for 2015. This is a \$90,000 increase per individual over 2014. Estates amounts in excess of the exemption are taxed at 40%.

The annual gift tax amount remains at \$14,000 (\$28,000 per couple) per individual that is receiving the gift. Keep in mind gifts between spouse are generally tax free unless the receiving spouse is not a U.S. citizen.

Employees may now defer \$18,000 annually to their employer sponsored plan including a 401k, 403b, and 457 plans. This is an increase from last year's \$17,500 amount. Additionally, employees age 50 or older can now make an age based catch-up contribution of \$6,000 which is a \$500 increase from last year.

If you have questions about these amounts or other estate planning or tax matters, please give me a call at 720-248-7621 or contact your CPA or financial planner.

**UPCOMING EVENTS AND HAPPENINGS**

Jan. 27th -31st: [Snow Sculpture Championships](#), Breckenridge  
Sat. Jan. 31st, 3-5 pm, Modern Woodman Appreciation Event @  
[Cookies & Crema](#). Join us for arts, crafts, education & goodies.  
Sun. Feb. 8th: [Guardianship Workshop](#) at Rock'a My Baby  
Thurs. Feb. 12th: [Guardianship Workshop](#) at Rock'a My Baby  
Friday Feb. 13th: Castle Rock [Daddy-Daughter Ball](#)

## THANK YOU!!

Referrals from existing clients and colleagues are always appreciated and is how the majority of our firm's business is generated. This month we would like to thank:

Aaron Atkinson, [Atkinson Boyle PLLC](#)  
Shane Phillips, [CoBiz Private Bank](#)  
Leigh Tobin

Holmes Shirley Law | 720-248-7621 | [karen@holmesshirleylaw.com](mailto:karen@holmesshirleylaw.com)  
[holmesshirleylaw.com](http://holmesshirleylaw.com)

