Estate Planning Principles
Course Syllabus

Instructor: B. J. Hickert
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Meeting Time: Room 129  Monday and Tuesday 8:10-9:30 A.M.
August 28 through November 28, 2017 (excluding September 4 and October 16 & 17)

Office Hours: Immediately After Class, or by Appointment


Course Description/Objectives: Transfers by gift during an individual's life and at the time of an individual's death
are subject to federal tax laws. Income of trusts and estates is also subject to federal tax laws. This course presents
students with the substantive federal tax knowledge needed to craft estate plans.

Assignments/Homework: For first week, read the income tax sections and regulations listed on the attached 3 page
document titled “Income Taxation of Estates and Trusts.” For second and following weeks, read 50 pages ahead in the
Text for each Monday class and 25 pages ahead in the Text for each Tuesday class (and the IRC Sections and
Regulations cited in the Text materials). Also, problems will be handed out during the semester. Be prepared during
the class periods to address the problems that correspond to the reading materials. The Text pages that are currently
expected to be covered are pages 1-605 and 673-688 (i.e., chapters 1-6 & 8).

Final Exam: Monday, December 4, 2017 at 2:00 to 5:00 p.m.

Class Attendance: Consistent with the American Bar Association’s accreditations standards, regular and punctual
class attendance is required. If a student’s unexcused absences from class exceed the number of hours of credit given
for the course plus one, sanctions may be imposed (which may include a failing grade for the course).

Exams/Grading: A Final Exam will be given under the honor system at the close of the semester. This exam will
test the students’ reasoning abilities and knowledge of the materials covered during the semester. A special
examination will be given only in cases of absence from the Final Exam because of sickness of the student or in the
student’s immediate family. Students should contact the Instructor as soon as possible regarding any absence for the
Final Exam, and certainly before the date the examination is to be given. The Class Grade will be based on the Final
Exam. Students may use for the Final Exam: the Internal Revenue Code and Regulations, personally prepared outlines
and notes (i.e., prepared individually or jointly with other students), the class Text, class handouts, a calculator and a
computer (to access the student’s class notes and to type answers, if the student arranges for the submission of the
exam answers simultaneous with the other members of the class).

Honor Code:
Matters of law student honesty and integrity in academic performance are governed by an honor code written and
administered by law students. This system of peer review has been in effect for more than half a century and addresses
issues such as plagiarism, cheating, and unauthorized collaboration in work assignments. Honor code violations, found
to have occurred by the student committee after notice and hearing, are referred to the dean of the law school with
recommended sanctions. Final disposition rests within the discretion of the dean. The honor code governs law students
in the same way that the Code of Professional Responsibility governs members of the bar.
The law school’s honor code can be viewed at http://www.law.ku.edu/academics/honorcode.shtml

Disability Services:
To ensure the intellectual richness of research and education, the University of Kansas seeks to be an inclusive
community, providing an environment conducive to learning, teaching, working, and conducting research that values
the diversity of its community. The University strives to be supportive of the academic, personal and work related
needs of each individual and is committed to facilitating the full participation of students with a disability in the life
of the University. Section 504 of the Rehabilitation Act (Section 504) and the Americans with Disabilities Act (ADA)
prohibit colleges and universities that receive federal funding from discriminating against qualified students with
disabilities in educational programs and activities. A "qualified student with a disability" is a disabled student who, with or without reasonable accommodation (e.g., architectural access, communication aids/services, or modifications to policies and practices) meets the University's academic and technical standards required for admission or participation in the University's educational programs or activities. The University is committed to complying with Section 504 and the ADA.

Requesting Reasonable Accommodation - At the beginning of the semester, a student in the Law School who wishes to request an academic modification or adjustment should contact the KU Office of Disability Resources and may also contact the Director of Student Affairs in the KU Law School to initiate the disability determination process. The process of determining eligibility and considering what is a reasonable modification or adjustment is an interactive process done in collaboration with the KU Office of Disability Resources. Reasonable efforts are to be made both by the student requesting reasonable accommodation and the representative of Disability Resources to complete the disability determination process and the consideration of any reasonable academic modification or adjustment expeditiously. The disability determination process can take time and accommodations may not be able to be implemented if requests are made late in the semester. In order to protect the anonymity of the student to the greatest extent possible, students should not contact faculty members regarding disability accommodations.

The law school works with the Academic Achievement and Access Center (AAAC) on the KU campus to coordinate accommodations and services for students with disabilities. If you have a disability for which you intend to request a classroom and/or exam accommodation, you may contact, Leah Terranova (leah@ku.edu), or any of your professors. You should notify someone at the beginning of the semester or as early as possible. The disability determination process can take time and accommodations may not be possible, if requests are made late in the semester. The accommodation process is a collaborative one among the student, the AAAC, and the professor. More about the AAAC can be found at www.achievement.ku.edu.
I. Income Taxation of Estates and Trusts

A. General

- § 641 Imposition of Tax
  (a) Income of Estates and Trusts
  (b) Computation and Payment

- § 6012 (a) When is a return required? (p. 835)
  (b)(1) Returns for Decedents
  (b)(4) & (5) Returns for Estates & Trusts

- § 6013 Surviving Spouse may file Joint Return

- § 6072 When is return due?

- § 644 Taxable Year of Trusts

Exception: Grantor Trusts. Ignored for Income Tax Purposes

- § 671 Grantor required to report income if grantor treated as owner

- § 676 Revocable Trust Income

- § 677 Income for Benefit of Grantor

- § 678 Person other than Grantor treated as Owner

B. Special Credits & Deductions

- § 642 (a) Foreign Tax Credit
  (b) Personal Exemptions
  (c) Charitable Deduction
  (d) Net Operating Loss
  (g) Disallowance of Double Deduction
  (h) Unused carryovers & deductions upon termination of Estate/Trust.

- § 651 DNI deduction for Simple Trust

- § 661 DNI deduction for Complex Trust

- § 643 DNI
(a) (1), (2) & (3)
(b) Accounting Income
- KSA 58-9-104(2) – Trustee shall allocate to principal the proceeds from the sale or exchange of a principal asset of a Trust

- §1.643 (a) – 3

C. Income Tax Rates

-§ (e)

2017: 39.6% for estate and trust income > than $12,500/year
(MFJ is 39.6% > than $470,700)

Effective 1/1/13:
= 3.8% tax on Net Investment Income of Estate or Trust in 39.6% Bracket (for individuals, tax imposed on modified adjusted gross income > than $200,000 for individuals and > than $250,000 for MFJ)
= 5% additional tax in capital gains and qualifying dividends for taxpayers in 39.6% Bracket (from 15% to 20%).

Kansas Income Tax for Estate & Trust income increases from 2.9% to 4.9% for income > 15,000/year, and to 5.2% for income > $30,000/year.

D. Retirement Accounts

§ 691 (a)

E. Allocation of Income among Beneficiaries

1. Tier System

First Tier-
§ 652 (a) – If income required to be distributed and no other distributions, income allocated to required recipient.

§ 662 (a)(1) – Mandatory income recipients.

Second Tier-
§ 662 (a)(2) & (6) – Recipients of discretionary distributions.
EXAMPLE First Tier Allocation
1.652(a) – 2
1.652 (b) – 2

EXAMPLE Second Tier Allocation
1.662(a) – 3

2. Special Rules

§ 663(a)(1) – Specific Bequests
§ 663(a)(2) -- Amounts subject to charitable deductions
§ 663(a)(3) – No Double Deduction
§ 663(b) -- 65 Day Rule
§ 663(c) – Separate Share Rule

Examples:
1.663(a)-1(b) p. 117-118
1.663(c) p. 120-123

3. Election for Trust to be taxed as part of Estate §645.

All citations are to Federal Income Tax Sections and Regulations