WealthTec® Suite Developments

Highlights of each 2012 **WealthTec Suite** update are listed below.

v2012.7 – 3/27/12

- One method of funding a bypass trust in the Cash Flow & Estate Planner (CFEP) is to select "Applic exclusion." The convention for this selection has changed, so that the decedent's remaining AEA is now used as the funding target. The AEA used during life via taxable gifts, as well as amounts inherited from a former spouse via the DSUEA election, are now factored in. The other bypass funding alternatives are unaffected.
- The *After-Tax Estate* block in the CFEP estate planning flowcharts is no longer reduced by the amount shown in the *Bypass Trust* block after the first death.

v2012.6 – 3/08/12

- Separate inflation rate assumption inputs now appear for income tax-related variables (e.g., income tax brackets) and transfer tax-related variables (e.g., basic exclusion). The new items are *Inflation rate – income taxes* and *Inflation rate – estate, gift & GST*). Bottom line: You now have the ability to turn off post-2012 indexing of the basic exclusion and GST exemptions in a "No sunset" scenario without impacting non-transfer tax-related calculations.

v2012.5 – 2/07/12

- EstatePro's notes receivables were properly amortized, but the payment totals were not carrying through correctly to the integrated cash flows. This update fixes that error.

v2012.4 – 2/06/12

- The Cash Flow & Estate Planner's (CFEP) nonqualified/taxable portfolios allow for "negative growth" (i.e., capital depreciation) *again*. The fix applies to situations where growth rates are negative in a particular year (i.e., as part of a Monte Carlo simulation). A recent bug had been introduced as part of the v2012.1 update released on 1/12/2012. The error was associated with the enhancement relating to the ability to distribute all or a portion of portfolio turnover. Only CFEP MCS cases created with v2012.1 – v2012.3 are affected.

v2012.3 – 2/03/12

- In the final year of an EstatePro illustration the unearned income Medicare surtax is booked as an unpaid liability, because EstatePro deems the tax paid at the start of each succeeding year. This update fixes the surviving spouse's (or an unmarried client's) estate analysis, so that the unpaid tax reduces the gross estate in years after 2012.

v2012.2 – 1/19/12

- Synergy's estate tax conventions in the current estate analysis were modified, so that bypass trust funding automatically targets the "Minimize ET" function found in the CFEP, EstatePro and the OptiMarital Planner. Therefore, if state death taxes are zero, the bypass funding target is $1 million in the post-2012/sunset scenario.

v2012.1 – 1/12/12

As always, **WealthTec** made extensive changes to the software's functionality in 2011, including significant tax-related modifications relating to TRA 2010. Fortunately, the initial 2012 release is a relatively minor update, focusing primarily on the annual indexing of tax-related exclusions, limits, brackets, etc.

Highlights of the current update include:

- A one-year extension of the 2% reduction of the employee's share of Social Security taxes on wages, and an identical reduction in the self-employment tax. Note that the Temporary Payroll Tax Cut Continuation Act of 2011 (TTCA 2011) only extended the tax holiday for the first two months of 2012. However, lawmakers indicated that they'd be revisiting these provisions with an eye towards extending the tax holiday for the entire 2012 calendar year, so this is how the software currently handles the tax holiday. The Social Security wage base in 2012 is $110,100.
- Increase in the federal estate, gift and generation-skipping transfer exclusions/exemptions from $5 million in 2011 to $5,120,000 in 2012.
- Increase in the annual retirement plan contribution limits (e.g., employer-sponsored plans).
- Indexing of federal income tax brackets, the standard deduction, personal exemption, etc.

NOTE: Please review the guidance provided in the System Conventions/Tax Law Conventions section of the online help and user manual for details regarding the current tax conventions used by the suite.

In addition to the above, the following CFEP enhancements were made to the taxable/nonqualified portfolios (input screen 4):

- The percentage of portfolio income subject to state income tax is now a two-tiered assumption.
- Not only can you accumulate or distribute portfolio income currently, but the same holds now for portfolio turnover. Each of these is a two-tiered attribute. Taken together, this gives you the ability to generate planned cash inflows from these portfolios in a more flexible manner.
- Separate timing triggers exist for portfolio income, tax attributes and reinvestment of income/turnover.
- The input screen was reorganized to accommodate the additional input items and modeling flexibility.