

WealthTec® Suite Updates

Highlights of each 2023 **WealthTec Suite** update are listed below. For a detailed discussion of the 2022 Release Notes please click the link for [Developments](#) on this Web page.

NB: Review of the 2022 Release Notes is important for users who have not updated their **WealthTec Suite** setups in a while. The final 2022 version of the software was v2022.6, which was released in August 2022.

v2023.11 – 10/10/2023

- Earlier this month, Massachusetts enacted a tax reform package that includes an increase in the Massachusetts estate tax exemption from \$1M to \$2M, effective retroactively to January 1, 2023. This update includes that increase in the state estate tax exemption.

v2023.10 – 08/28/2023

- In Notice 2023-62, the IRS issued a temporary reprieve for qualified retirement plan sponsors that accept catchup contributions for participants ages 50 and older. SECURE 2.0 had required that those catchup contributions be allocated to Roth accounts, beginning in 2024. Notice 2023-62 delays the Rothification of catchup contributions until 2026.
- In EstatePro, you can now tax the unrealized gains in a GST-exempt trust at the end of the senior generation period by triggering a disposition of trust assets in the final year of the senior generation period.

v2023.9 – 08/23/2023

- EstatePro supports a testamentary shark-fin CLAT (funded on the first or second death). You can enter a fixed or increasing annuity manually or enter the annual payments on a year-by-year basis. EstatePro automatically computes the payment to charity in the final year of the trust that ensures that the estate tax charitable deduction is equal to the value originally transferred to the trust. Please note that you can use this option even if the trust is not technically structured as a shark-fin or back-loaded CLAT but rather holds an asset with characteristics that mimic the shark-fin CLAT (e.g., an interest-only note receivable with a balloon principal payment in the final year of the trust).

v2023.8 – 05/05/2023

- The IDGT Planner supports rental payments made by the grantor to the trust. This feature may be relevant when modeling an installment sale of a personal residence to a grantor trust. Typically, an arms-length rental agreement between the grantor and trustee of the grantor trust will be executed when the grantor continues to use the transferred property personally. Given that this arrangement is between the grantor and his/her grantor trust, no income tax consequences would arise from the rental payments. The arms-length nature of the rental agreement should make the rental payments free of transfer tax consequences as well. The net result would be to add additional transfer-tax leverage to the overall structure, especially if the trust is also designed as a GST planning vehicle.

v2023.7 – 04/27/2023

- The Cash Flow & Estate Planner (CFEP) and EstatePro each have the ability to model discretionary distributions from an IDGT or a taxable trust. For the IDGT models incorporated into these planners, the discretionary distributions were not carrying out ordinary income and/or qualified dividends to the distribution recipients. Such distributions now properly carry out taxable income from the trust to the recipients, thereby reducing the trust level income subject to tax.
- In the CFEP, the calculated life expectancy drop-down list has been fixed. At some unknown point, this drop-down list was corrupted, thereby eliminating some of the acceptable choices. Most users override the calculated life expectancies anyway, so this would be a very minor problem if it arose. The problem would only arise if a previously saved case had a table choice that had been valid in earlier versions of the software saved as the *Life expectancy table* on the Cash Flow & Estate Planner: General input screen. It's an easy workaround if you're using a version with this minor problem.

v2023.6 – 04/13/2023

- Synergy captures every event on an after-tax basis. However, some clients want to also see cash flow details and summaries presented in pretax dollars (i.e., the way the CFEP and EstatePro do). This update reverse engineers Synergy so that cash flows from investment portfolios and from non-asset-based and miscellaneous income sources can also be displayed on a pretax basis. New summary and detailed schedules housed under the *Cash Flows* reports menu are displayed on a pretax basis.
- Synergy has 10 more rows on the Synergy: Sources of Income screen.

v2023.5 – 03/24/2023

- In the IDGT Planner, the most recent enhancement didn't quite get us there. In this update, the income from existing trust property is now properly applied against debt service as "cash flows" rather than as "investments". In addition, you can enter a taxable income percentage greater than 100% for existing trust property (similar to the TRANSFERRED PROPERTY INVESTMENT RATES). So, if the existing trust were funded with the same property being gifted/sold in the current transaction, you can more closely mimic the income and income taxability of the transferred property.

v2023.4 – 03/20/2023

- In the IDGT Planner, you can now enter investment rate assumptions for existing trust property in greater detail. Specifically, apart from the after-tax growth rate, there are now separate assumptions for the current income rate, taxable income percentage, qualified dividend percentage, and Medicare surtax percentage. The additional details now allow for existing property income to flow freely, thereby being available to apply against debt service requirements in the *IDGT Scenario*.

v2023.3 – 03/10/2023

- In late December 2022, Congress passed the SECURE 2.0 Act as part of the omnibus spending bill that funds the federal government for the current fiscal year. This update incorporates the following changes to contributions to qualified retirement plans and IRAs:
 - Starting in 2024, catchup contributions for IRA owners who are age 50 and older are indexed for inflation, rounded down to the nearest \$100;

- Starting in 2025, participants in 401(k) plans who are between ages 60 and 63 can make catchup contributions equal to the greater of \$10,000 (indexed for inflation starting in 2026) and 150% of the tier one catchup contribution (i.e., with the \$7,500 limit for 2023);
- Starting in 2025, participants in SIMPLE IRA plans who are between ages 60 and 63 can make catchup contributions equal to the greater of \$5,000 (indexed for inflation starting in 2026) and 150% of the tier one catchup contribution (i.e., with the \$3,500 limit for 2023);
- Starting in 2024, all catchup contributions must be made on an after-tax basis to a designated Roth account (**WealthTec Suite** does not test for the \$145,000 [indexed] wage exception applicable to this rule);
- Starting in 2024, after-tax (regular) contributions can be made to designated Roth accounts under a SIMPLE plan or SEP-IRA.
- The following **WealthTec Suite** planners reflect the SECURE 2.0 Act changes to contributions to qualified retirement plans and IRAs:
 - CFEP
 - EstatePro
 - Synergy
 - Retirement Simulation Planner

v2023.2 – 01/16/2023

- This update incorporates the delayed required beginning dates (RBDs) for required minimum distributions (RMDs) (i.e., from age 72 to age 73 or age 75, depending on the participant/account owner's date of birth).
- The following **WealthTec Suite** planners reflect the delayed RBDs mandated by the SECURE 2.0 Act:
 - CFEP
 - EstatePro
 - Synergy
 - Retirement Simulation Planner
 - IRA CRT Planner
 - IRA Gift Planner
 - IRA RMD Planner
 - IRA Sec72(t) Planner
 - Lump-Sum Distribution Planner
 - Roth IRA Conversion Planner
 - Stretch IRA Planner
 - OptiMarital Planner
- The presentation dealing with distributions from qualified retirement plans and IRAs has been updated to reflect several of the key SECURE 2.0 Act provisions.

v2023.1 – 01/05/2023

- Tax-related items throughout the system are updated to reflect IRS annual indexing for 2023.
- State death tax calculations were updated to reflect relevant legislative (and annual indexing) changes in the affected jurisdictions.
- The CFEP includes a new user-defined state surtax component (e.g., Massachusetts) of the state income tax section.
- In the CFEP, RMDs from Roth 401(k) plans are eliminated starting in 2024.
- In the CFEP and EstatePro, the \$100,000 per-taxpayer limit on qualified charitable distributions from IRAs is indexed for inflation starting in 2024.