**Firm News**

It’s been a season of traveling for Keith and his family. Becky traveled to Kansas City in April for an art trip with 15 friends through the Paris Gibson Square Roots. Also in April, Hannah spent 8 days in Alaska working, visiting friends, whale watching, and skiing. In May, Keith and Jon went to Denver for their estate planning peer group meeting (and a baseball game). Then, as soon as Keith got back from his monthly trip to the Flathead in June, Becky, Hannah, and he drove to Mankato, MN, for Becky’s sister, Sarah Scott’s, wedding. That was fun and, even though it was Minnesota in the summer, not too many mosquitos!

Jon and Rhonda have their son Ryan home from college for the summer. He’s helping with their house remodel and learning new skills while at it.

Heather and Jeff took the family on their first trip to Glacier National Park. While it was rainy, they still managed to see two grizzly bears and a few bald eagles.

Tanya and Jim are at it again. They “ran” out to the Oregon coast for the Memorial Day Weekend. They just love spending time on the ocean and at their second home.

Chris and Rich are expecting ……a new foal in about 340 days. May of next year will be a very exciting time for their 4-legged family!

Teresa and Tom are looking forward to the summer vacation plans with the grandkids.

LaTonya and Darryl made a 24-hour drive down to Houston, Texas, their hometown, to visit family and drop off the kids to spend time with grandparents. They’re looking forward to an adventurous summer without the kids around.

Danica, our remote assistant, and her husband, are loving the San Antonio sites, but could do without the tarantula that lives in the backyard!

Charlene and Caleb are getting some landscaping and home improvement projects done this summer, as well as exploring what all Great Falls has to offer.

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**INGREDIENTS:**

- 2 cups all-purpose flour
- 1 teaspoon baking soda
- 1/2 teaspoon salt
- 1/2 cup butter (1 stick)
- 1 cup sugar
- 2 eggs
- 2 ripe bananas, mashed
- 2 teaspoons lemon juice
- 1/2 cup milk

**DIRECTIONS:**

Preheat oven to 350°F. Sift together, flour, baking soda, and salt. In another bowl, cream butter and sugar, then add eggs and bananas. Add lemon juice to milk or yogurt. Add flour mixture and milk mixture to banana mixture alternately, ending with flour mixture. Pour into a buttered 9x5x3 inch loaf pan and bake for 50 minutes to 1 hour. Allow to cool in pan under a towel.

This was a Winnie the Pooh cookbook favorite of Keith and Becky’s daughter, Hannah, when she was a little girl. Her grandmother Shirley gave her the cookbook. Becky has made a few changes from the original recipe.

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**INCOME TAX**

With the high estate tax exclusion amount (11,200.00 as of 2018) and the top income tax rates at 37% (plus a surtax), the focus in estate planning has changed. “Income tax is the new estate tax.” The majority of Americans don’t have to worry about estate tax under current law, so their estate planners need to focus on their exposure to income tax.

There is no income tax on a gift or bequest: no problem there. It’s when an heir sells an appreciated asset down the road that it makes a big difference on whether the heir received the asset at death of his donor or during the donor’s lifetime.

The issue has to do with the income tax “basis” of the asset being sold. Uncle Sam taxes us on the difference between what we sell an asset for and what we are deemed to have paid for the asset, our basis.

So, if I bought an asset, then my income tax basis is what I paid for it (with some adjustments like depreciation that we won’t worry about here). If I was given the asset, my basis is determined in a different manner.

If I received the asset during the lifetime of the donor, then I take his basis. Whatever he paid for the asset, his basis, carries over to me. “Carry-over basis.”

By contrast if I inherited the asset, Uncle Sam gives me a break. My basis in the asset is stepped up to the value on my donor’s date of death. “Stepped up basis.” Since there is no income tax when I inherit, this doesn’t make any difference then. But, when I sell the asset down the road it can make a big difference.

Let me give an example: Say my dad bought 100 shares of XYZ corporation for $10 a share. If he gave me them during his lifetime, my income tax basis is the same as his: $10 per share. So, if I sell the shares for $20 per share, I have capital gains of $10 per share, or $1,000. If my capital gains rate is 15% federal and 6% state, I’ll have to pay $210 in capital gains tax.

If my dad held onto the shares till death when they were worth $20 per share and he left them to me, my income tax basis is “stepped up” to the date of death value, $20 per share. If I sell the shares later on for $20 per share, I don’t have any capital gain, since my basis is equal to the sales price.

So, by giving me the shares at death rather than during his lifetime, my dad saved me $210 in capital gains tax.

The moral of the story: Making a gift of an appreciated asset during your lifetime might not be smart from a tax standpoint.
Places to visit in Montana in the Summertime!

Alpine Theatre Project
Arnprior State Park
Bannock State Park
Bear Tooth Highway
Big Hole National Battlefield
Big Sky Water Park
Big Sky Summer Playhouse
Canyon for Males
Conrad Mansion
Dewey Park
Earthquake Lake
Flathead Lake
Garden Wall
Gates of the Mountains
Gem Mountain Sapphire Mine
Giant Springs State Park
Going to the Sun Road
Grand Canyon North Rim
Great Northern Carousel
Grotto Glaciers
Grizzly and Wolf Discovery Center
Hidden Lake
Hungry Horse Reservoir
Lewis and Clark Caverns
Lewis and Clark Interpretive Center
Little Bighorn Battlefield
Lone Pine State Park
Last Lake
Manhattan State Park
McGinnis Meadows Castle and Guest Ranch
Montana Historical Society Museum
Montana Museum of Science
Museum of the Rockies
Monticello Theatre
Pompone Pinal National Monument
Red Rock Falls
Rocky Mountain Elk Foundation
Swift Current Lake
Tilt Rise
Virginia City National Historic Landmark
Waterton Lakes National Park
Waterton-Glacier International Peace Park
Whitefish Depot
Yellowstone Big Gun
Yellowstone National Park
Yellowstone River