MARSHALL STEVENS

WEALTH PRESERVATION & VALUATION

Wealth preservation plans are important. But plans are only as good as the execution of the plan.

Supportable valuation of appreciable assets should be the primary focus for those who have a need (estate tax) or desire (gift tax) to report the value of their investments in real estate, businesses, funds, securities, notes, etc. to the IRS and state taxing authorities. Reasonable, defensible valuations reduce unwanted scrutiny and may eliminate professional fees required to respond to the IRS and state tax inquiry, not to mention penalties and interest, if assessed.

The market value of assets "as is" vs. "highest and best use", fair lease rates between related parties, licensing rates for intellectual property, discounts for lack of control ("DLOC") and lack of marketability ("DLOM"), partition analyses - these are areas of focus for state and federal taxing authorities. Are you comfortable that the valuations you are reporting can pass scrutiny from taxing authorities? Is a "qualified appraiser" providing the work? Is someone applying a simple (conservative?) rule of thumb to avoid scrutiny and appraisal fees?

Valuations of real estate in a challenging market where fewer recent transactions are available to compare to properties being valued means more discretion is required by the real estate appraiser, with more focus on a discounted cash flow analysis. Getting the value of the real estate correct (and supportable based upon good data and assumptions) is just as important as any discount applied for lack of control and/or marketability.

The impending decrease of the federal lifetime exemption from >$13 Million to >$7 Million in 2026 will affect a small percentage of US households, but valuations are important for every estate. Is 2024 the right year to gift investments because the value is depressed due to the cost of capital or other current market conditions?

Is there an expectation that the value of investments may increase in the future? Will state or federal tax rates increase after the next presidential election?

EXPERTISE IN ACTION

Founded in 1932, Marshall & Stevens provides valuation consulting, transaction advisory, and litigation support services. The firm's specialists are relied upon by businesses, investors, and advisors for analyses utilized in complex transaction and legal matters. From the boardroom to the courtroom, Marshall & Stevens delivers clarity, independence, and results.

NEED ASSISTANCE OR WANT TO LEARN MORE?

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Scan the QR Code or click HERE to fill out our contact form and a specialist from our team will connect with you soon.

ESTATE & GIFT WEBPAGE:

To learn more about our Wealth Preservation & Valuation services and practice specialists, scan the QR Code or click HERE to visit our website.