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Significant Planning Opportunities

Congress passed some surprisingly favorable estate and gift tax legislation that has a short two year duration. Top estate tax and gift tax rates have dropped to 35%. The exemption to pass property tax-free through an estate during your lifetime and at death has been raised to \$ 5,000,000. Under prior law, the limit was \$ 1,000,000.

What are the possible implications of this new law? There are three obvious implications and many case specific opportunities.

Individuals who have reached their lifetime gift limit of \$ 1 million suddenly have four more million that can be given (\$ 8 million, if married and both individuals have already utilized their former lifetime exemption limits).

Business owners can use the same gifting opportunity to transfer closely held stock to family members on a very favorable basis. Additional benefits may exist if the stock is currently depressed due to the recent economic downturn.

Life insurance should not be dropped, at this time, due to the sunset provisions in the current law; however, gifting opportunities exist with this asset in the same way as other assets.

Some of us will be thinking that with the exemption so high, no planning needs to take place. We would suggest rethinking that thought! Much growth and asset protection can be lost without appropriate planning.

With the recently passed legislation, now is the time to push planning to the front burner. Time is short and many current and future benefits to planning are available. Please let us know if you would like to schedule a meeting to discuss your specific opportunities.