

**"Winning Business Strategies"
Webinar Series**



Estate Tax Gone...Think Again

Presented by:

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*A review of the sorry state of the federal estate tax law in 2010,
and a discussion of common problems and solutions as
a result of the current law.*

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ESTATE PLANNING IN 2010

- The estate tax is gone so no estate planning is needed, right?



ESTATE PLANNING IN 2010

- Wrong! 2010 is a critical year to review your plan.



ESTATE PLANNING IN 2010

- Where do the estate tax laws stand now?



ESTATE PLANNING IN 2010

- For those dying in 2010 –
 - No federal estate tax
 - Carryover basis
 - Heirs take the decedent's basis in assets with two exceptions



ESTATE PLANNING IN 2010

- Exceptions to carryover basis -
 - Exception 1 – Get a step-up in basis of the assets up to 1.3 million
 - Exception 2 – Additionally, a spouse can get a step-up in asset basis of 3 million
 - (Step-up is limited to fair market value)



ESTATE PLANNING IN 2010

	Land	Marketable Securities	Privately Owned Business	IRA
Value	\$700,000	\$1,800,000	\$2,000,000	\$500,000
Cost Basis	200,000	1,000,000	500,000	0
Potential Step-up in Basis	\$500,000	\$800,000	\$1,500,000	N/A



ESTATE PLANNING IN 2010

- Documents need to be written to take maximum advantage of the step-up provisions allowed.
 - Ensure spousal basis step-up.
 - Appropriate person has the authority to elect step-up basis.



ESTATE PLANNING IN 2010

- Update wills and trust agreements.
 - Many wills and trust agreements contain formula clauses that might create surprising and unintended results for your heirs.



ESTATE PLANNING IN 2010

- Gifting in 2010 –
 - Top gift tax rate now 35%.
 - If you have a large estate, you might consider gifting in 2010 while the top gift tax rate is low.



ESTATE PLANNING IN 2010

- Gifting in 2010 (continued) -
 - Gifts to grandchildren can avoid generation skipping tax (GST)
 - Careful drafting of trusts can accomplish this.



ESTATE PLANNING IN 2010

- 2010 laws - will they change?
 - Discussions in Congress – the possibilities -
 - Retroactively reinstate the estate tax
 - The longer it takes, there might be less chance of retroactive treatment.
 - Allow the executor to choose between current law and retroactive treatment.
 - No change in legislation for 2010.



ESTATE PLANNING IN 2010

- 2011 Estate Laws
 - If no new legislation –
 - Federal estate tax is back.
 - Taxable estates – assets in excess of 1 million.
 - Maximum tax rate of 55%.
 - Step-up basis is back.



ESTATE PLANNING IN 2010

- What to do now?
 - Review and update wills and trust agreements as needed for proper wording to cover the differing estate rules now and in the future.
 - Consider that many reasons for trusts are not tax related.
 - Protection from creditors and predators.
 - Protection in event of disability or inability.



ESTATE PLANNING IN 2010

- What to do now? (continued)
 - Review beneficiary designations for life insurance policies, retirement accounts, and titling of assets for coordination with your estate plan.



Questions?

Thank you for participating in Estate Tax Gone...Think Again

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