



**CLIENT ALERT REGARDING ESTATE PLANNING**

**The Unthinkable Has Happened:  
No Estate Tax**

Effective as of January 1, 2010, the Federal estate tax and generation-skipping transfer tax are repealed. How long this will last, no one knows. Virtually everyone in the practice of estate planning, as well as IRS officials, never expected this to happen and anticipated that the Obama administration would retain the federal estate tax rates at the \$3.5 million threshold during 2010.

**What does this mean for you?**

- Under current law, for 2010 only, there is no Federal estate tax or generation-skipping transfer tax. The tax reappears in 2011 with a smaller \$1 million exemption and a 55% maximum estate tax rate;
- New rules concerning the tax basis of inherited property take effect; and
- the Federal gift tax remains in effect with a \$1 million exemption but at a reduced rate of 35%

**What action do you need to take?**

You should review your estate planning documents as they may need to be revised in light of current estate tax law as it now exists. Contact me if you are unsure how the 2010 estate tax law changes affect your estate planning.

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