

Phase-In of 2010 Tax Act Relief January 1, 2012

At the end of 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The 2010 Act increased the estate tax, generation-skipping transfer (GST) tax and gift tax exemptions to \$5 million for only 2011 and 2012. The 2010 Act also provided that starting in 2012, the gift tax, estate tax and generation-skipping transfer tax exemptions will be indexed for inflation. Accordingly, the IRS has released the 2012 gift, estate and GST tax exemptions: \$5,120,000, a \$120,000 increase from the 2011 gift, estate and GST tax exemptions. These historic high exemptions are scheduled to expire at the end of 2012, and return to a level of \$1,000,000 on January 1, 2013.

What does this development mean to you?

1. If you made use of your \$5 million GST tax exemption in 2011, you should contact our office in 2012 for a recommendation about how you can utilize the additional \$120,000 of gift tax exemption and GST tax exemption that is available in 2012.
2. If you have been contemplating making use of your gift tax exemption in 2012, you should contact our office for a planning recommendation.

Please contact us at your earliest convenience if you wish to discuss how these changes to the transfer tax regime will affect your estate plan.