

ESTATE TAX REPORT

Beginning January 1, 2009, the federal estate tax exemption increased from \$2 million per person to \$3.5 million per person (\$7 million per couple). Under the current law, the estate tax is eliminated for one year in 2010, and returns in 2011 with only a \$1 million exemption per person. Congress and President Obama have expressed the desire to avoid elimination of the estate tax in 2010. However, with one month left in the year, a permanent change in the tax law appears unlikely. Instead, Congress may postpone addressing the \$1 million exemption in 2011 and pass a last minute tax act that extends the current \$3.5 million exemption for the year 2010 only.

COLORADO'S NEW DESIGNATED BENEFICIARY AGREEMENT ACT FOR UNMARRIED ADULTS

Effective July 1, 2009, the Colorado legislature passed a new law permitting unmarried adults to sign a document called a "Designated Beneficiary Agreement" to designate each other as beneficiaries for certain purposes. Most of the purposes of the Designated Beneficiary Agreement are already covered by your existing estate planning documents. However, the Designated Beneficiary Agreement does provide two non-estate planning benefits: (1) the right to have standing to receive workers' compensation benefits and (2) the right to have standing to sue for a wrongful death claim. Another advantage is that a partner can be named as a beneficiary under intestate succession laws. If you would like additional information about a Designated Beneficiary Agreement, please contact us.

PROTECT YOUR LEGACY FROM CREDITORS

If your child is experiencing financial difficulties, such as unemployment or divorce, a trust for your child's inheritance can be a powerful tool against the child's creditors. A trust can be easily created under a parent's will that permits the child to receive discretionary distributions from the trust, including portions of trust principal over time. The child can be the trustee of his or her own trust, but to ensure the trust will withstand scrutiny by creditors, we may recommend that the child act with a co-trustee. If you think your family can benefit from this kind of estate planning, please contact us.

Goddard & Goddard, P.C. partners with clients on estate planning and estate administration matters, including related issues in real estate, oil and gas, business and tax law, and charitable planning.

Susan B. Goddard

(303) 292-3228

susan@goddardandgoddard.com

Jo Anna Goddard

(303) 292-3228

joanna@goddardandgoddard.com

Miranda K. Hawkins

(303) 567-7920

miranda@goddardandgoddard.com

1444 Blake Street
Denver, CO 80202

DID YOU KNOW...

Beginning January 1, 2010, an existing IRA can be converted to a Roth IRA without the usual income limitation. Currently, an individual with an adjusted gross income greater than \$100,000 cannot convert an existing IRA to a Roth IRA. The primary advantage of a Roth IRA is the income tax free distributions. If you are interested in converting to a Roth IRA next year, you should speak with your financial advisor or accountant.

UPDATE YOUR POWERS OF ATTORNEY

Financial and medical powers of attorney are documents that give another person the authority to make financial and medical decisions on your behalf if you are unable to make those decisions for yourself. You should review your powers of attorney to ensure that the people you named as your agents are still appropriate and that your powers of attorney are no more than five years old. You should also encourage your adult children to have their own powers of attorney.