

ESTATE AND GIFT 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. By the end of 2009, however, we expect Congress to pass a new tax act. At this time it is unclear whether Congress will raise the exemption permanently to \$3.5 million or allow it to drop to \$1 million.

As of January 1, 2009, the annual gift tax exclusion amount increased from \$12,000 to \$13,000. This means that each person can give up to \$13,000 gift tax free (\$26,000 per married couple) to any number of individuals.

DON'T WAIT TO REVIEW YOUR ESTATE PLAN

Despite the uncertainty surrounding the estate tax law, now is a good time to review your estate plan. If the value of your assets has decreased, you should review your estate plan simply to ensure that it still accomplishes what you intended. For example, a large specific bequest to an individual or charity may no longer be appropriate. At a minimum, you should review your estate plan every five years, or more often if there is a change in financial or family circumstances (such as divorce, birth of a child or death of a family member).

FAMILY LIMITED PARTNERSHIPS – HERE TODAY, GONE TOMORROW?

A common and highly effective method for gift and estate tax reduction is the use of family limited partnerships and limited liability companies to obtain discounted values for transfers of assets among family members. In January, a bill was introduced in the House of Representatives that would eliminate most discounts for intrafamily transfers. The changes in this bill would only apply to discounts received after the bill is signed into law. Any discounts received prior to that time will not be affected. If you are interested in establishing a family limited partnership or LLC or in making sizeable gifts in existing partnerships or LLCs before this bill is enacted, 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...

The April 2009 Applicable Federal Rate for mid-term loans is 2.15% and 3.67% for long-term loans. If you have a loan to a family member, now is a good time to consider whether you would like to re-issue that promissory note with a lower interest rate. To justify the issuance of a new note, we recommend that you make some other adjustment to the note, such as shortening the term of the note or paying down a portion of the principal.

FIRM NEWS

- For the fourth year in a row, Susan B. Goddard was honored as being among the top 5% of attorneys practicing in Colorado in 2009 by *Law & Politics Magazine*.
- In January 2009, Miranda K. Hawkins gave a speech to an audience of financial advisors titled "Estate Planning Strategies in an Uncertain Political and Economic Environment."