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ESTATE PLANNING ALERT

As you may have heard, year 2009 ended without any legislation regarding estate, generation-skipping transfer (“GST”), and gift taxes (collectively, “transfer taxes”). Thus, by reason of the 2001 Tax Act, the estate and GST taxes have been repealed for calendar year 2010. In 2011, the estate and GST taxes will be reinstated at 2001 rates and exemptions (one million dollar estate tax exemption, with the GST tax exemption somewhat higher).

Your estate planning documents may have been based on the transfer tax laws existing at the time your plan was completed, with the expectation (shared by us and by virtually all other estate planning professionals) that transfer taxes would continue uninterrupted after 2009. At this time, we do not know whether Congress will pass new legislation regarding transfer taxes in 2010, or whether any such new legislation will be made retroactively effective to January 1, 2010 (if a retroactive effective date is constitutionally permissible).

If you die this year before any subsequent legislation is enacted by Congress that is not or cannot be made retroactive to January 1, 2010, then your current estate plan may not be appropriate for reasons of both tax planning and disposition of your assets. If and when Congress passes a new law regarding transfer taxes, however, any modification you make now may require a subsequent change back to your original plan.

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We believe that most (but not all!) plans that we prepared need not be modified at this time. Please call us if you would like to discuss your existing plan with us in light of the foregoing.

Our annual Estate Planning Letter will be delayed this year pending developments relating to transfer tax legislation. Best wishes for a Happy New Year!

To ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any tax advice contained in this communication (including any enclosures) was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of (1) avoiding tax-related penalties under the U.S. Internal Revenue Code or (2) promoting, marketing, or recommending to another party any tax-related matters addressed herein.