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Keys to Wealth Management
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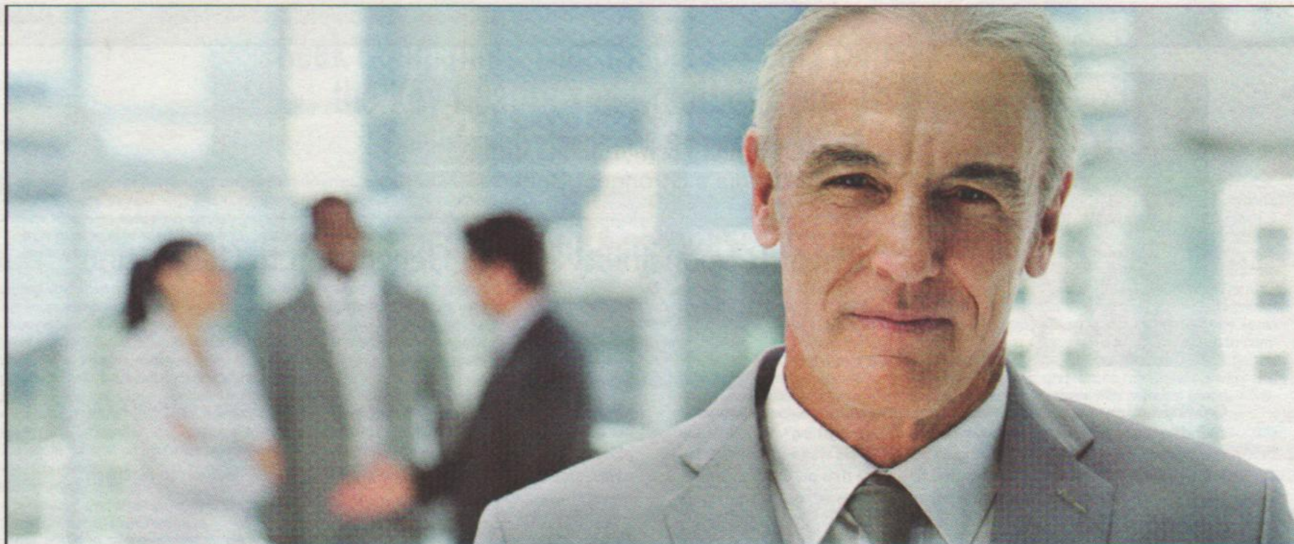

Maximizing Temporary Estate Planning Opportunities

The 2010 Tax Act has dramatically changed the estate and gift planning landscape for the next two years, as the lifetime exemptions for estate, gift and GST taxes were temporarily increased from $1 to $5 million for the 2011 and 2012 tax years. Considering both the recent drop in market values of assets such as closely held businesses and real estate, coupled with the temporary increase in the lifetime exemptions, time is of the essence to review your estate plan and consider transfers that could improve your overall financial plan.

While most of our efforts are spent towards the accumulation of wealth, it is equally as important to address the process of getting that wealth to the next generation. As the Director of Advanced Estate & Gift Taxation at Haskell & White LLP, I work closely with the team of advisors that may include, but is not limited to, the accountant, attorney, insurance agent, financial planner and investment advisor.

> *"Having more than one advisor involved [in the estate planning process] is extremely important...just having your attorney prepare a seemingly great estate plan, without including an experienced accountant to verify its sustainability, may fall short of expectations," said Frieda Caplan, founder of Frieda's Inc. - The Specialty Produce Company.*

PLANNING OPPORTUNITIES:

Qualified Personal Residence Trust: The use of a Qualified Personal Residence Trust (QPRT) takes advantage of the recent slump in real estate values and the low Applicable Federal Rate (AFR). By creating a QPRT the parents enjoy possession of the residence during the term of the trust. At the end of the trust term the ownership is transferred to the children tax free, as long as both spouses survive the trust term.

> *"When desired, Haskell & White LLP can provide parents creative strategies which allow the parents to remain in the residence even after the trust term has expired," says Brad Graves, Tax Partner, Haskell & White LLP.*

Irrevocable Life Insurance Trust: A portfolio comprised of illiquid assets, such as closely held businesses and real estate, can create a cash-poor nightmare for the family at the time of a loved-one's death. One possible solution to meeting the estate tax liability demand can include creating an Irrevocable Life Insurance Trust (ILIT) that can purchase life insurance with the premium paid by gifts into the ILIT. With premiums often exceeding the annual gifting exclusion amount of $26,000 (for a married couple), the next two years provide an opportunity to make a lump sum gift of up to $10 million without incurring gift taxes, while the proceeds from the policy are not included in their taxable estate.

> *Shannon Cook, of Caillier Property Management LLC, says, "My grandmother recently created and funded a trust [ILIT] to purchase an insurance policy. It's comforting to know that in the event of her death we will have sufficient liquidity to pay the estate taxes."*

Transferring a Minority Interest in a Closely Held Business: Another opportunity to consider is the transfer of minority interests in closely held businesses to the next generation(s) in a gift and/or sale transaction. Leveraging the reduced business values (due to the recent slump in the economy) provides owners the opportunity to transfer a larger percentage of the business while excluding any appreciation from the parents' taxable estate. The transfers may be accomplished in such a way as to allow the parents to maintain control of the business and cash flow, while at the same time facilitate the transfer of ownership to the younger generation(s), further reducing the taxable estate.

> *Kurt Caillier, owner of A & A Ready Mixed Concrete, Inc., said, "My father did the family a great service in transferring the business to my brother Randy and I while he was still alive. The estate planning was such a brilliant business decision that my brother and I have since transferred interests in the business to our kids."*

While numerous other estate planning techniques are available, determining the best plan for you will depend on your personal objectives and the type of assets in your portfolio. The unprecedented tax benefits created by The Tax Act of 2010 provide an excellent opportunity to review, revise and update your estate plan maximizing transferred wealth to future generations.

***Marisa Alvarado**, Director of Advanced Estate and Gift Taxation at Haskell & White LLP, has over 25 years of experience in public accounting, including the last 15 years specializing in the areas of estate, gift, GST, fiduciary, and succession planning for high net worth families.*

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