

Memorandum

To: Clients
From: Mulhern & Scott, PLLC
Date: November 8, 2011
Re: Potential Changes in the Estate and Gift Tax

As many of you know, the new Joint Select Committee on Deficit Reduction (sometimes referred to as the "Super Committee") is responsible for presenting deficit reduction proposals to Congress by November 23, 2011.

There has been considerable discussion among financial advisors and tax professionals that the Super Committee could propose immediate changes to the current estate and gift tax laws. Specifically, there is concern (i) that certain gift discounts may be limited or eliminated, and (ii) that the opportunity to utilize the \$5 million per person gift tax exclusion may disappear before January 1, 2013 (as scheduled under current law), and could, in fact, disappear as early as November or December, 2011.

As we've always said, there are no guarantees about the estate and gift tax laws. However, in light of the Super Committee's immediate responsibility to submit proposals to reduce the deficit, there may be greater cause for concern that the current estate and gift tax exclusions could be reduced in the near future. If you have been considering estate planning tools that would take advantage of the \$5 million gift tax exclusion, you may want to consider acting sooner rather than later, in order to mitigate your estate tax exposure, should the current \$5M gift tax exclusion be reduced sooner than January 1, 2013.

Please let us know if you have any questions or concerns in this regard, or if you would like to discuss this further.

Thank you.

David and Sally