

Client Update

Date: January 2, 2013

Re: Federal Gift, Estate, and Generation Skipping Tax Exclusion

On January 1, 2013, Congress passed the American Taxpayer Relief Act of 2012. For estate planning purposes, the Act provides, in pertinent part:

- Each individual now has a \$5.25 million exclusion from federal gift, estate, and generation skipping tax. Had the Act not passed, the exclusions would have been \$1 million per person.
- Married couples now have "portability." This means that if one spouse dies and doesn't use all of his or her \$5.25 million federal estate tax exclusion, then the unused amount can be used by the surviving spouse when he or she dies. If the Act had not passed, "portability" would have ended January 1, 2013.
- The highest federal estate tax rate is now 40%. If the Act had not passed, the rate would have been 55%.

As always, we are committed to keeping you up to date with changes in the law, and encourage you to schedule an appointment with us if you haven't met with us in the last two years.

Regards, David and Sally Mulhern