

## Estate and Gift Tax Alert

### Act Now to Take Advantage of Historic Estate Planning Opportunities

September 5, 2012

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Absent further legislation, the favorable Federal estate, gift and generation-skipping transfer (GST) tax provisions of the Tax Relief, Unemployment Insurance Authorization and Job Creation Act of 2010 will expire on December 31, 2012. If you have been contemplating making lifetime transfers to benefit your heirs, we urge you to act well before the year's end to take advantage of the expiring tax provisions and associated estate planning opportunities.

#### The Expiring Provisions

- For estate and gift transfers occurring in 2012, the maximum estate, gift and GST tax exemptions available to an individual donor are at a high of \$5.12 million, and the top tax rates applicable to such transfers are all at a low of 35%.
- For estate and gift transfers occurring in 2013, the maximum estate, gift and GST tax exemptions are scheduled to **decrease** to \$1 million, and the top tax rates are scheduled to **increase** to 55%.

#### What You Can Do . . . If You Act Promptly

- Make taxable gifts, including to trusts and/or grandchildren, before December 31, 2012, to take advantage of the current high exemptions and low rates.
- Start the gifting process immediately to insure completion of your gifts before December 31, 2012.
  - Your gifts may involve creation of one or more trusts, family partnerships or other entities. Be sure to allow adequate lead time to put these structures in place before making your gifts.
  - You may wish to gift assets other than cash or marketable securities. Be sure to factor in adequate lead time to secure a qualified appraisal of such assets well before year's end in order to determine how much you can gift without paying gift tax.



Given that the favorable tax provisions are scheduled to expire on December 31, and especially considering how the holiday season has the potential for causing delay in certain financial transactions, you should act immediately if you wish to capture the estate planning opportunities presented. Of course, before engaging in any estate planning, you should consult with your Akin Gump Strauss Hauer & Feld LLP advisor to determine whether and to what extent taking advantage of the current Federal tax law makes sense for you and your family.

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**CONTACT INFORMATION**

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