

Estate Planning and the Election

With all of the political rhetoric about "change" in Washington these days, there is a total void of any discussion regarding the current Estate, Gift and Generation-Skipping Taxes in the next several years. The top federal estate tax rate, which is currently 45% will stay at that rate until 2010. Current law calls for the rate to be repealed and the current federal estate tax will go to zero for the year 2010. In 2011, the estate tax rate would return to a top rate of 55%. The current exemption from federal estate tax, called the "applicable exclusion amount" will be the same in 2008 as it was in 2007, \$2 million per person. In 2009, the applicable exclusion amount will increase to \$3.5 million. In 2010, the estate tax is repealed meaning that the exemption will be unlimited. Then in 2011, the estate tax exemption will return to \$1 million.

Given that the largest transfer of wealth in the history of mankind will be occurring in the next decade, the government will have an opportunity to rake in a spectacular amount of wealth if nothing changes going forward. We can only hope that after all of the election rhetoric has passed us in November, that Congress may see fit to address these issues. Please stay tuned. We will try to keep you advised when the dust settles.

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