

## 2010 year-end estate planning opportunity

[December 23, 2010](#)

By [Susan Shields](#)

The Tax Relief Act of 2010 that went into effect on Friday, December 17, 2010, makes extraordinary changes to the Federal estate, gift and generation-skipping transfer (GST) tax provisions that otherwise would be effective for 2010, as well as for 2011 and 2012.

One of the most important changes is to clarify that the effective rate of GST tax is 0% for 2010. The GST tax is imposed when property is transferred to grandchildren or more remote descendants, either in trust or outright. For 2010, an unlimited amount of property may be transferred to grandchildren or more remote descendants before the end of this year, either directly or to certain trusts, without any GST tax being imposed. These transfers may be made by gift or may be made from pre-existing trusts, including trusts that are not currently exempt from GST tax. Of course, a gift, whether made this year or in the future, may result in the payment of gift tax. The gift tax rate for 2010 is 35%. However, gifts or transfers made to grandchildren or more remote descendants will not incur GST tax.



The 0% GST tax rate expires on December 31, 2010. Whether an individual or the trustee of a trust should take advantage of it or not often is a complicated matter. If you are interested in exploring the option of transferring property to grandchildren (or more remote descendants) this year to avoid the GST tax either by making gifts or having distributions made from pre-existing trusts, please contact a [McAfee & Taft Tax & Family Wealth](#) attorney immediately.

### LINKS

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