



Client Alert



Contact Attorneys Regarding
This Matter:

Bertram L. Levy
404.873.8640 - direct
404.873.8641 - fax
bertram.levy@agg.com

Suzanne Tucker Plybon
404.873.8730 - direct
404.873.8731 - fax
suzanne.plybon@agg.com

James R. Robinson
404.873.8790 - direct
404.873.8791 - fax
james.robinson@agg.com

Jeremy T. Ware
404.873.7006 - direct
404.873.7007 - fax
jeremy.ware@agg.com

Michelle (Shelly) L. Harris
404.873.8712 - direct
404.873.8713 - fax
michelle.harris@agg.com

Arnall Golden Gregory LLP
Attorneys at Law
171 17th Street NW
Suite 2100
Atlanta, GA 30363-1031
404.873.8500
www.agg.com

Private Wealth Group: Urgent Announcement

On May 11, 2009, the White House announced its proposals to amend key provisions of the Internal Revenue Code. Among these proposals is a plan that would negatively affect the lifetime gifting technique known as the grantor retained annuity trust, or "GRAT." If the White House proposal on GRATs does become law—which could happen soon—it may significantly inhibit the ability of some transferors who create GRATs subsequent to the date of enactment to utilize the strategy effectively. Therefore, those who are interested in setting up a GRAT should consider doing so as soon as possible.

Also included among the White House proposals is a measure that may negatively impact the ability of those who own interests in family-controlled entities, such as family limited partnerships, to value gifts of their interests in those entities on a discounted basis. While the full implications of this proposal are unclear, it may be beneficial for owners of such interests to transfer them prior to enactment of this proposal.

Therefore, if you are interested in making any lifetime gifts in the near future, we strongly encourage you to contact any of the attorneys listed as soon as possible to discuss these important proposals and the impact they may have on your estate planning strategies.

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