



April 2011
Contact Attorneys Regarding
This Matter:

Bertram L. Levy, Chairman
404.873.8640 - direct
bertram.levy@agg.com

Suzanne Tucker Plybon,
Vice Chairman
404.873.8730 - direct
suzanne.plybon@agg.com

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

S. Jarvin Levison
404.873.8602 - direct
jarvin.levison@agg.com

Michael L. Van Cise
404.873.8790 - direct
michael.vancise@agg.com

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

J. Grant Wilmer, Jr.
404.873.8686 - direct
grant.wilmer@agg.com

This alert provides a general summary of recent legal developments. It is not intended to be, and should not be relied upon as, legal advice.

Private Wealth Bulletin

Capitalize on Greatly Expanded—but Possibly Temporary—Wealth Transfer Tax Law

As we have indicated in previous communications, tax legislation enacted in December 2010 and in effect until the end of 2012 expanded wealth transfer opportunities for wealthy families by increasing estate, gift and generation-skipping transfer (“GST”) tax exemptions to \$5 million. It also reduced the rate of each tax to 35%. However, comments from the administration and relevant portions of the federal 2012 budget reinforce the possible temporary nature of these provisions. President Obama pledged to push for the expiration of the current estate tax laws at the end of 2012. Further, the Obama budget included revenue items generated from limiting valuation discounts and requiring a minimum term for grantor retained annuity trusts (“GRATs”). Given the higher probability that the tax laws now in effect will not be extended and that other planning opportunities may be curtailed, it may be prudent to act promptly to take advantage of the favorable laws now in effect. As such, we strongly encourage clients to contact us to discuss what actions to take to capitalize on this expanded opportunity.

While the following is not an exhaustive list of planning options, clients may now wish to:

- Employ short- to medium-term GRATs to transfer assets. Historically low interest rates and legislative risk make these GRATs attractive now.
- Transfer a vacation home or primary residence to children using a qualified personal residence trust (“QPRT”). Depressed home prices and the \$5 million gift tax exemption make QPRTs particularly attractive.
- Use the \$5 million GST tax exemption to transfer assets to lower generations or to trusts for the benefit of lower generations.
- Create and fund a “grantor trust” to transfer assets to children or grandchildren.
- Make substantial gifts of fractional interests in real estate or a minority interest in a closely-held business.

Any specific planning must be considered on an individual basis. The above list is not intended as a specific recommendation for you. Please contact us to discuss how we can help you take advantage of these and other opportunities.

IRS Circular 230 Notice:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.