

Dear Clients and Friends,

After much debate and prolonged uncertainty, on December 17, 2010, Congress passed a tax law defining rules for the estates of persons dying in 2010, 2011 and 2012. That being said, unless Congress passes a permanent law, it's anyone's guess as to what estates taxes will be in 2013 and beyond. Understanding that this ambiguity may leave some feeling confused, even intimidated, by estate planning, I wanted to make sure that you've got all the information you need to plan with confidence.

Let's Review the Facts:

2010 – Starting in 2010, there was no estate or generation-skipping transfer tax, but there was a carryover basis, which in some estates would cost the heirs more than if there had been an estate tax. By the end of year, estates of persons who had died in 2010 were given choice of the law as stated above, or the option to be subject to a Federal estate tax with an exemption of \$5 million dollars with a complete step-up in basis.

2011 – Under the new legislation, for individuals dying in 2011 and 2012, the exemption for Federal estate tax is \$5 million (indexed for inflation in 2012). The Federal estate tax rate is set at 35%. A complex and somewhat controversial strategy called portability can be employed which allows any unused exemption amount from a recently deceased spouse to be added to the surviving spouse's exemption, for a total exemption from Federal estate tax up to \$10 million. All estates get a step-up basis to fair market value at the decedent's death.

Also in 2011 – The gift tax exemption has been raised to \$5 million and couples can combine their amounts for a total of \$10 million. The gift tax rate remains at 35%. Meanwhile, the Generation Skipping Tax (GST) has also been raised to \$5 million, *however*, couples cannot combine their exemptions. The GST tax rate is 35%.

Important State Considerations – For individuals living in Maryland or the District of Columbia (or other states that have an estate tax exemption lower than \$5 million), planning for the state estate tax is also recommended, otherwise this tax could cost your family \$100,000 or more. For those of you who live in Virginia, there is no separate Virginia estate tax, at this time.

The Bottom Line:

Estate planning is about so much more than estate taxes. It goes much further in our daily lives. Effective estate planning is about making sure that your wishes are respected *in life and in death*.


It's about providing for your own care should you not be able to do so. It's about whether you have the right amount of life insurance. It's about asset protection, succession planning, planning for same-sex partners and elder care. It's about planning for heirs with special needs or who have spending, addiction, creditor or marital problems. It's about preventing families from being torn apart by contention and litigation at death. It's about leaving your assets to your beneficiaries and/or charity as you desire and making sure they are delivered at the right time in the right manner. And, it's about so much more...

I have always believed that my job is to listen to my clients and ensure that their goals, dreams, wishes and concerns are all accounted for in their estate plan. To that end, life – and law - is constantly changing, so I invite and encourage you to make an appointment to visit with us. *Remember, an incomplete or outdated plan can be as risky as having no plan at all.* If it's been a while, let's check in and make sure that your documents are current, still in line with your wishes and account for any changes that may have taken place in your life (i.e. death, marriage, new family members, divorce, relocation, etc.).

Of course, we welcome the opportunity to assist your friends, colleagues and family members as well. Often when others hear from our clients how relieved they are to have taken care of their own estate planning, they feel empowered and motivated to tackle their own!

Thank you for your continued support and best wishes for a healthy and happy 2011.

Sincerely,



Gary Altman, Esq.

P.S. I am pleased to report that our Rockville office is moving into a larger space this spring, up one floor to Suite 708. Look for this announcement and others in the mail or via email.

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