



Garfunkel, Wild & Travis, P.C.  
New York New Jersey Connecticut

# Trusts & Estates Update

May 2009

## Economy Presents Estate Planning Opportunities

We understand that the economic downturn has challenged everyone's economic wellbeing, but please consider that it also presents an opportunity you may find attractive for shifting wealth to the next generation. There are actually advantages to making gifts now. You can reduce a future estate tax bill using the current poor economic situation to take advantage of low asset values and historically low interest rates. The combination of these factors can produce highly advantageous results for your family. Techniques such as Grantor Retained Annuity Trusts ("GRATs"), Charitable Lead Trusts ("CLTs"), and Sales to Intentionally Defective Grantor Trusts ("IDGTs") take advantage of low values and interest rates. Moreover, what we all hope to see in terms of economic recovery will eventually benefit the gift recipient and escape estate taxes.

It is particularly important to take advantage of these techniques now because the estate tax is here to stay for the foreseeable future. Reports of its impending demise have been shown to be premature. President Obama has stated his preference to keep the Federal estate tax exemption at its current \$3.5 million per person (in effect, \$7 million per couple) and 45% rate.

In addition, unfavorable changes are on the horizon. It is possible that the popular estate planning techniques of GRATs, Qualified Personal Residence Trusts (QPRTs), and valuation discounts for family controlled entities may be restricted or eliminated. There has been a bill introduced in Congress to do just that. If you are interested in saving estate taxes through such a vehicle, you should act as soon as possible to ensure your plan is not affected by future changes in the law.

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To learn more about these matters, please contact Doris L. Martin at (516) 393-2205 or [dmartin@gwtlaw.com](mailto:dmartin@gwtlaw.com)

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