

# Estate Planning Alert

## TIME MAY BE RUNNING OUT – CONGRESS TO ACT THIS MONTH

**November 2011**

The Congressional Joint Select Committee on Deficit Reduction (the “Committee”) is currently scheduled to announce its proposals on November 23, 2011. Rumor has it that among the proposals presently being discussed are changes to the current gift, estate and generation-skipping transfer tax laws. We believe two of these proposals merit your attention and possible prompt action:

1. The Gift Tax Exemption. The current gift tax exemption, scheduled to expire at the end of 2012, is \$5 million per donor (\$10 million for married couples electing to split gifts). There is speculation that one proposal before the committee is to reduce the exemption to \$1 million as of January 1, 2012. Some Washington insiders are concerned that the reduction even could be accelerated to November 23, 2011, when the Committee announces its proposals. If you want to take advantage of some or all of the \$5 million exemption, you should consider doing so now.
2. Grantor Retained Annuity Trusts. Grantor retained annuity trusts (“GRATs”), which we have discussed in prior alerts, frequently have terms of five years or less. A proposal before the Committee, similar to one previously considered by Congress, is to require that GRATs have a 10 year minimum

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term. With interest rates at historic lows, now could be an excellent time to establish GRATs of any term.

If you would like to discuss either of these matters, please contact a member of our Trusts and Estates group.

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