



# ESTATE TAX COUNTDOWN

When the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) was passed in 2001, it seemed as if estate taxes would soon be a thing of the past. The term estate taxes would become an unpleasant reminder of an old and unnecessary law.

EGTRRA removed estate taxes by increasing the estate tax “coupon” and therefore decreasing these taxes until 2010, when the estate tax vanished completely. The law also decreased the highest rate of tax from 55% to 45%, a substantial savings.

Well 2009 is here and 2010 is right around the corner. Our coupon for 2009 is \$3.5 million dollars. Next year the estate tax coupon is unlimited. That sounds great, but in 2011 the estate tax, under the current law comes right back in with a vengeance.

The estate tax coupon goes back to \$1 million and the highest marginal rate returns to 55%. No additional action from Congress will be required.

## SO WHAT DO WE DO NOW?

We need to plan with flexibility. Our trusts need to be amended to take into account the fact that we may have three different versions of the estate tax law over the next few years. Also, Congress may act and give us more changes to deal with.

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