



Law Office Of Caroline R. Suissa-Edmiston, LL.M.

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Special points of interest:

- Federal Estate Tax Exemption increased to \$3.5 Million
- In my own small effort at helping the economy, I am not raising my rates this year, despite rising costs!

Latest Tax Updates

As of January 1, 2009, the federal estate tax exemption was raised to \$3.5 Million and the annual gift tax exemption was raised to \$13K. Under the tax regulations put in place by the previous administration, the federal estate tax was set to be repealed in 2010 (and replaced by a new capital gains tax). However, the new administration has proposed in their stimulus package to keep the estate tax at \$3.5 Million capped at a 45% tax rate. What does this mean? As-

suming the current rate of death, approximately 2.5 million people will pass away this year and of that number approximately only 8,000 will have a taxable estate, about .3%. So most of Americans don't have to worry.

Just in: Senator Baucus has introduced Senate Bill 722 that would do the following:

- * Make the estate, gift and GST taxes permanent;



- * Reunify the gift tax and estate tax, creating a \$3.5 million gift tax exemption;

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Non-married Couples may use QDRO!!!

The Ninth Circuit Court of Appeals handed down an opinion in January that allows non-married couples who are dissolving their relationship to use a Qualified Domestic Relation Order to divide a pension plan under ERISA. This is very big news for those living in a Commit-

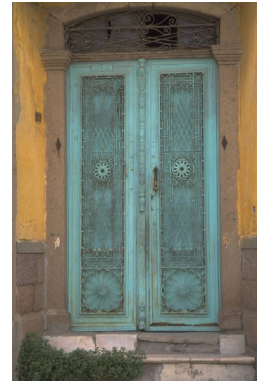
ted Intimate Relationship (our State Supreme Court's new name for Meretricious Relationships). So consider this: In Massachusetts or Connecticut, a *married* same-sex spouse might receive a QDRO upon divorce, but that order might NOT be implemented because of

DOMA. But if more states recognized property rights regardless of marital status, gay and straight ex-partners alike would have their economic security preserved. [Owens v. Automotive Machinists Pension Trust](#),

www.ca9.uscourts.gov/datastore/opinions/2009/01/12/0735253.pdf

Taxes Continued...

- * Make permanent the 45-percent top estate, gift and GST tax rate bracket;
- * Make permanent the \$3.5 million applicable exclusion amount;
- * Index the applicable exclusion amount, gift tax exemption and GST exemption for inflation after 2010;
- * Increase to \$3,500,000 the maximum valuation reduction for farm or business realty under Section 2032A;
- * Index the maximum valuation reduction for farm or business realty under Section 2032A for inflation after 2010; and
- * Make the unused applicable exclusion amount of the first spouse to die available to the surviving spouse.



The doors we open and close each day decide the lives we live. -Flora Whittemore

Anything New With YOU???

Typical reasons for changing or updating a Will are:

- (1) Marriage or divorce;
- (2) Birth or [adoption](#) of a child;
- (3) Death of a family member or beneficiary;
- (4) Changes in the [Federal Estate Tax](#) laws or State Tax laws;
- (5) Substantial change in the value of your estate;
- (6) Change in the nature of your property holdings—for example, if your Will leaves the farm to a son, and the ranch to your daughter, and half the balance to your son and daughter, and then you sell the farm, your daughter would wind up with more (the whole ranch plus one half of everything else) than your son (who would get only one half of the balance);
- (7) A Guardian or Executor or Trustee moves away, dies, or is no longer willing or able to serve;
- (8) Your children are no longer minors, or are old enough to handle financial matters on their own;
- (9) You move to another state; or
- (10) You wish to eliminate gifts to certain beneficiaries.

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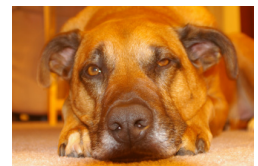
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Man is not like other animals in the ways that are really significant: Animals have instincts, we have taxes.

Erving Goffman