

Keebler Tax and Wealth Education Opportunities Prior to Tax Law Changes

ESTATE PLANNING

SUGGESTIONS	OBSERVATIONS
Make intra-family loans now while the interest rates are low.	Lock in downstream transfers leverage of rate arbitrage.
Installment sales to intentional grantor trusts.	Lock in low rates, minority and marketability discounts and intra-trust status.
Gift away your \$5,000,000 exemption to a dynasty trust.	Lock in gift tax exemption and shift appreciation downstream. May also lock in minority and marketability discounts.
Gift or sell property eligible for a marketability or minority interest.	Lock in 20% – 45% valuation adjustments.
Create Family Partnerships or Family LLC.	Lock in 20% – 45% valuation adjustments.
Create GRATs before a longer term is required.	Shorter term GRATs capture more volatility and are prudent for older clients.
Fund dynasty trusts before implementation of a federal rule against perpetuities.	President's budget proposal would adversely affect the Dynasty Trust. GST perpetual trusts are essential for preserving wealth on a long-term basis.
Incur gift taxes before we have a higher tax rate.	The current gift tax rate is 35% which could be higher in the future.
Create CLATs for income and gift tax planning.	Similar to GRATs, CLATs shift appreciation to younger generations and provides substantial income tax benefits.
Make annual exclusion gifts annually.	Make annual exclusion gifts early in the year, especially to trusts with <u>Crummey</u> powers.
Make healthcare and educational exclusion gifts.	Lock-in gifts before any law changes that adversely affects wealthy families.
Create spousal access trusts using all or a portion of your gift tax unified credit.	Lock-in gift tax exemptions while still providing for your spouse.

Educational Information: Email emily.rosenberg@keeblerandassociates.com to be added to our newsletter, for previous write-ups about new IRA regulations, licensing agreements, seminars, CDs or books, webinars and speeches.

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INCOME TAX AND FINANCIAL PLANNING

SUGGESTIONS	OBSERVATIONS
Fund 529 plans or Coverdell Education Savings Accounts.	Lock-in 529 plans before law changes.
Fund a Health Savings Account or Archer Medical Savings Account, if eligible.	Tax free growth may be subject to income limitations or eliminated.
Consider converting C corporations to S corporations.	The current build in gain tax is only for five years.
Make distributions of C corporation E&P from S corporations.	Qualified dividends are only taxed at 15% vs. a potential for 39.6% in the future.
Accelerate deferred compensation payments.	Incur tax at 35% rather than 39.6%
Accelerating other ordinary income like annuities may also reduce income tax.	Incur taxes at 35% vs. 39.6%.
Charitable deductions – before the benefit drops to 28%.	Capture the benefit at 35 cents on the dollar vs. 28 cents on the dollar. Private Foundations may be suitable.
2011 Charitable gifts from your IRA.	\$100,000 limitation in 2012, may not be available.
Roth IRA conversions.	Rate arbitrage plus post-mortem growth is tax free.
Harvest capital gains before the rate increases.	Rate arbitrage 15% vs.20%.
IRA and pension contributions.	Make contributions before income limits or other restrictions arise.
Reduce mortgage.	Be prepared to reduce your mortgage if interest deductibility changes.
Take distributions of C-Corp dividends	Rate arbitrage of 15% vs. 39.6%.
Exercise stock options.	Rate arbitrage of 35% vs. 39.6%.
Long-Term Care policies. These asset-based, long-term care solutions are tax favored and can be of the life insurance type or annuity type.	Certain premiums are currently deductible.
Oil and gas investments.	Intangible drilling costs are still deductible. This may change. This “tax expenditure” may be eliminated.
Investments in small business corporations.	Potential limitations under the tax law.
Purchase permanent insurance needed for business or estate.	Potential limitations under the tax law.
Purchase annuities needed for long-term financial planning goals.	Potential limitations under the tax law.
Take advantage of green energy credits.	Potential limitations under the tax law.
Purchase tax-exempt securities.	Potential limitations under the tax law.

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