

Changes in the estate and gift tax law, effective January 1, 2009:

- (1) Lifetime Gifts** – The annual exclusion amount that you can give to any individual without using your lifetime exemption or paying any gift tax has increased from \$12,000 to \$13,000. A married couple, therefore, can give each of their children, grandchildren, or other persons \$26,000 free of gift tax. The gift tax lifetime exemption remains at \$1,000,000.
- (2) Death Transfers** – The federal estate tax exemption has increased to \$3.5 million per person for a person dying in 2009. A married couple currently can leave \$7 million (less any exemption used during the lifetime of either spouse) to their children and other beneficiaries free of federal estate tax.
- (3) Transfers To Grandchildren** – The exemption from Generation Skipping Transfer Tax also has increased to \$3.5 million per donor. A married couple can collectively shelter \$7 million from death taxes in their children's estates in a long-term dynasty trust.
- (4) Required Minimum Distributions** – The requirement that minimum distributions be made from IRAs and other defined contribution retirement plans has been suspended for 2009. Thus, no 2009 minimum distribution needs to be made from any such retirement account this year. (A first-time minimum distribution for 2008 that is required to be made by April 1, 2009 must still be withdrawn by that deadline.)