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Estate Planning Isn't Ghoulish And Can Save Millions This Year

It's not ghoulish to think about death, especially this year. On Halloween, in mid-November or early December, there's *still* time to plan. If there's no revised estate tax law by New Year's it will be too late: **January 1 a \$5 million perk drops to \$1 million.**

Most people haven't taken advantage of the incredibly favorable estate and gift tax law expiring in 2012. See [It Pays To Plan For Future Estate Tax Changes](#). Congress enacted a \$5 million exemption for both gift and estate taxes but only through 2012.

See [Making Tax Decisions In Limbo](#). Indexed for inflation, the exemption is now \$5,120,000.

But the exemption drops to \$1 million January 1, 2013. A free pass to give away up to \$5,120,000 without tax (up to \$10,240,000 for a married couple) may never come again. Properly managed, lifetime gifts of **appreciating** property can allow even more appreciation to escape estate tax.



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Gifts need not be made with no strings attached. Trusts, LLCs, and insurance can increase the amount escaping tax yet allow you to retain control. That way recipients don't have unfettered access to the assets.

Even if you have never done estate planning, this year is a good time to start. In 2001, Congress increased the estate tax exemption in measured steps until December 31, 2009. Everyone **assumed** there would be comprehensive reform.

But what happened? Congress failed to act so in 2010, there was **no** estate tax. With superb timing more than a few **billionaires** died in 2010, and no estate tax was due for these whopping estates. See [Ghoulsh Estate Planning Before New Year's?](#)

As for Mr. Obama and Mr. Romney, the estate tax remains a political football. Mr. Romney advocates estate tax repeal, while Mr. Obama proposes a 45% rate with a \$3.5 million exemption. But post-election there will be debates about this. See [Death Tax Resurrection](#).

In the meantime, the rest of 2012 is a bargain and you don't have to die to take advantage of it. Between now and December 31, 2012, each person can give away \$5,120,000 without gift or estate tax. That's up to \$10,240,000 per couple tax-free. Consider it before it's too late. It's almost as certain as death and taxes.

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