

Dear Client:

The tax year is rapidly ending and along with it your chance to take advantage of the 2009 gift exclusion. I wanted to take this opportunity to outline some of the common techniques for effective gifting that you may want to consider as part of your overall estate plan.

Annual Gift Tax Exclusion

Your annual gift tax exclusion (\$13,000 to each donee for singles and \$26,000 for combined gifts from married individuals) expires on December 31st, so the year end is the appropriate time to use it. If you want to make a gift that exceeds the amount of the exclusion, you can effectively double the exclusion by making one gift in December and the second in January. For example, if you are married, you can make a tax-free gift of \$52,000 to any individual by making a gift of \$26,000 in December 2009 and another \$26,000 gift in January 2010.

Take Advantage of Depressed Values

A bad economy can be used to your favor when it comes to gifting. Lower current values for real estate, securities and business assets make this the perfect time to gift assets that in better economic times might trigger an adverse tax effect. Further leveraging lower current asset values with effective discounting opportunities can generate immense tax savings by removing valuable assets from a future estate as well as all of the future appreciation on the asset when the economy recovers.

Additional Gifting Techniques

Taking advantage of your annual exclusion limit is one of the most effective ways to pass wealth to your heirs free of tax. Some additional techniques for effective gifting that you may want to consider as part of your overall estate plan include:

- **Tuition Payment Exclusions** - can be paid over and above the annual gift limit
- **Section 529 College Savings Plans** - are included in the annual gift limit, but five years of gifts can be made frontloaded into the current year (limits future gifting)
- **Medical Payment Exclusion** - can be paid over and above the annual gift limit
- **Gifts in Trust** - allows you to determine when they receive the money and how it is to be used
- **Charitable Gifts** - may be a current tax deduction as well as reducing your estate

If you wish to take advantage of any of the planning techniques that we have described, please feel free to call our office at (775) 882-3201.

Sincerely yours,

Freeman & Williams, LLP

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