



LOEB & LOEB adds Knowledge.

Tax Law

ALERT

NOVEMBER 2011

Rumors Circulating About Possible Early Reduction of Estate & Gift Tax Exemption

Rumors have begun to circulate among tax and financial advisors about a possible early reduction of the \$5 million estate, gift, and generation-skipping transfer tax exemption. The exemption is currently set at \$5 million through December 31, 2012, after which it will revert to \$1 million barring further congressional action. E-mails have begun to circulate among advisors that the Joint Select Committee on Deficit Reduction of Congress ("Super Committee") may recommend reducing the exemption to \$1 million as early as November 23, 2011; the date the Super Committee's report to Congress is due. Alternatively, the exemption could be reduced as of January 1, 2012.

In addition to cutting spending by \$1.2 trillion over the next 10 years, the Budget Control Act of 2011 charged the Super Committee with finding an additional \$1.5 trillion in savings over that period. An early reduction of the estate, gift, and generation-skipping transfer tax exemption is rumored to be one of the possible revenue-raising provisions the Super Committee is considering. Other rumored changes include a return to higher estate, gift, and generation-skipping transfer tax rates, imposing minimum terms on grantor-retained annuity trusts, and limiting or eliminating valuation discounts for minority interests in entities.

While some advisors are recommending that clients accelerate contemplated gifts to a date prior to November 23, 2011, even those reporting these rumors acknowledge that these are only possibilities, and they have no way to know what changes ultimately will be reported or passed. Although some lobbyists are reporting that Republicans may offer some "loophole closers," it appears doubtful

that these would include estate and gift taxes. For now, we do not feel any of these changes are likely, but cannot predict for certain what may occur.

If you decide you wish to take advantage of the \$5 million gift tax exemption and want to avoid even a small risk of an early reduction of the exemption amount, please contact your attorney in our group immediately to discuss the possibility of completing your contemplated gift prior to November 23, 2011.

If you received this alert from someone else and would like to be added to the distribution list, please send an email to alerts@loeb.com and we will be happy to include you in the distribution of future reports.

This alert is a publication of Loeb & Loeb and is intended to provide information on recent legal developments. This alert does not create or continue an attorney-client relationship nor should it be construed as legal advice or an opinion on specific situations.

Circular 230 Disclosure: To ensure compliance with Treasury Department rules governing tax practice, we inform you that any advice contained herein (including any attachments) (1) was not written and is not intended to be used, and cannot be used, for the purpose of avoiding any federal tax penalty that may be imposed on the taxpayer; and (2) may not be used in connection with promoting, marketing or recommending to another person any transaction or matter addressed herein.

© 2011 Loeb & Loeb LLP. All rights reserved.

This publication may constitute "Attorney Advertising" under the New York Rules of Professional Conduct and under the law of other jurisdictions.

Tax Group

MICHELLE W. ALBRECHT	MALBRECHT@LOEB.COM	212.407.4181	JEFFREY M. LOEB	JLOEB@LOEB.COM	310.282.2266
JOHN ARAO	JARAO@LOEB.COM	310.282.2231	ANNETTE MEYERSON	AMEYERSON@LOEB.COM	310.282.2156
MARLA ASPINWALL	MASPINWALL@LOEB.COM	310.282.2377	DAVID C. NELSON	DNELSON@LOEB.COM	310.282.2346
RYAN M. AUSTIN	RAUSTIN@LOEB.COM	310.282.2268	LANNY A. OPPENHEIM	LOPPENHEIM@LOEB.COM	212.407.4115
AMY BELL	ABELL@LOEB.COM	310.282.2170	RONALD C. PEARSON	RPEARSON@LOEB.COM	310.282.2230
LAURA B. BERGER	LBERGER@LOEB.COM	310.282.2274	ALYSE N. PELAVIN	APELAVIN@LOEB.COM	310.282.2298
LEAH M. BISHOP	LBISHOP@LOEB.COM	310.282.2353	STANFORD K. RUBIN	SRUBIN@LOEB.COM	310.282.2090
DEBORAH J. BROSS	DBROSS@LOEB.COM	310.282.2245	LAURIE S. RUCKEL	LRUCKEL@LOEB.COM	212.407.4836
TARIN G. BROSS	TBROSS@LOEB.COM	310.282.2267	MAHDI D. SALEHI	MSALEHI@LOEB.COM	310.282.2293
CHRISTOPHER W. CAMPBELL	CWCAMPBELL@LOEB.COM	310.282.2321	JOHN F. SETTINERI	JSETTINERI@LOEB.COM	212.407.4851
REGINA I. COVITT	RCOVITT@LOEB.COM	310.282.2344	C. MICHAEL SPERO	CMSPERO@LOEB.COM	212.407.4877
TERENCE F. CUFF	TCUFF@LOEB.COM	310.282.2181	REBECCA M. STERLING	RSTERLING@LOEB.COM	310.282.2301
LINDA N. DEITCH	LDEITCH@LOEB.COM	310.282.2296	MEGAN A. STOMBOCK	MSTOMBOCK@LOEB.COM	212.407.4226
PAMELA J. DRUCKER	PDRUCKER@LOEB.COM	310.282.2234	ADAM F. STREISAND	ASTREISAND@LOEB.COM	310.282.2354
PAUL N. FRIMMER	PFRIMMER@LOEB.COM	310.282.2383	ALAN J. TARR	ATARR@LOEB.COM	212.407.4900
ANDREW S. GARB	AGARB@LOEB.COM	310.282.2302	STUART P. TOBISMAN	STOBISMAN@LOEB.COM	310.282.2323
ELIOT P. GREEN	EGREEN@LOEB.COM	212.407.4908	NICHOLAS J. VAN BRUNT	NVANBRUNT@LOEB.COM	310.282.2109
RACHEL J. HARRIS	RHARRIS@LOEB.COM	310.282.2175	GABRIELLE A. VIDAL	GVIDAL@LOEB.COM	310.282.2362
NEAL B. JANNOL	NJANNOL@LOEB.COM	310.282.2358	JOHN S. WARREN (Ret.)	JWARREN@LOEB.COM	310.282.2208
THOMAS N. LAWSON	TLAWSON@LOEB.COM	310.282.2289	BRUCE J. WEXLER	BWEXLER@LOEB.COM	212.407.4081
JEROME L. LEVINE	JLEVINE@LOEB.COM	212.407.4950	DANIEL M. YARMISH	DYARMISH@LOEB.COM	212.407.4116