


DRESCHER INSURANCE

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PREPARE FOR THE RETURN OF ESTATE TAX
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The federal estate tax is making a comeback—even though some state levies never went away.

The federal estate tax lapsed on January 1, 2010. But under current law, it will rise from the ashes on January 1, 2011, and at that point—unless Congress intervenes—only \$1 million per estate will be exempt from a stiff 55% tax.

Want to act now to protect your family's assets? Regardless of your age or where you live, here are simple steps to help preserve your assets for your family:

Review Life Insurance Policy Ownership

Don't die owning life insurance. It's like giving away money. While life insurance proceeds aren't subject to income tax, money from insurance a decedent owned is subject to estate tax if not left to a citizen spouse or charity. Yet with a little planning, insurance can be moved beyond the reach of the tax. The easiest way: make the family

member who will receive the insurance proceeds [say, an adult child] owner of the policy.



Put Some Assets in Your Own Name

Couples in a stable first marriage generally set up estate plans designed to make use of the estate tax exemption of the first spouse to die, without leaving the surviving spouse short of funds. When one spouse dies, the survivor, depending on the couple's net worth and the federal and state estate tax laws at the time, can disclaim [or turn down] some assets, funneling them into this trust to make use of the deceased spouse's estate tax exemption. If need be, the survivor can still receive income or principal from this trust, but whatever remains in it bypasses the

survivor's estate.

Maximize Annual Gifts

If you are confident you'll have enough for your own retirement, start making annual gifts. Remember, you can give up to \$13,000 a year to as many recipients as you like; spouses can combine their exclusions to give \$26,000 jointly to any person. If you want to give away more than that, you can count your gift against your \$1 million lifetime gift tax exemption—the total of taxable gifts each person can make without incurring tax.

Pay Tuition and Medical Expenses

Without eating into your \$13,000 annual exclusion, you can pay tuition, dental and medical expenses for anyone you want—provided you pay the providers of those services directly. This rule allows you to pick up big-ticket health care expenses, including health insurance premiums, orthodontia, medically necessary home improvements or home-care attendants.