



Estate Planning Alert: Opportunities that Expire December 31, 2010

December 17, 2010

NEW LAW ALLOWS TRANSFERS TO GRANDCHILDREN WITHOUT GST TAX— BUT MUST BE COMPLETED BY DECEMBER 31, 2010

The new Federal tax law enacted today permits transfers to grandchildren without incurring generation-skipping transfer (“GST”) tax and without consuming the donor’s limited exemption from GST tax, but only if the transfers are made in 2010, because the GST tax rate is zero for 2010. Here are a few examples of ways to take advantage of the new law:

- **Distributions To Grandchildren From Existing Non-GST Exempt Trusts.** In 2010, trustees of existing non-GST exempt trusts can make distributions to the donor’s grandchildren or in further trust for their benefit without incurring GST tax or gift tax.
- **Gifts To Grandchildren, Outright Or In Trust.** In 2010, individuals can give the amount of their remaining lifetime gift tax exemption (up to \$1,000,000) to grandchildren or to trusts for their benefit without incurring GST tax or gift tax. Moreover, even individuals who already have consumed their lifetime gift tax exemption may benefit from making GST tax-free gifts to grandchildren. Note that the law also increases the gift tax-free amount to \$5,000,000 in 2011.

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To discuss and/or implement these planning opportunities, please contact Pamela L. Rollins (prollins@stblaw.com; 212-455-3468), Laura M. Twomey (ltwomey@stblaw.com; 212-455-3120) or any other member of our Personal Planning Department.

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