

# A green light from Congress to plan your estate

If you haven't done so recently, now is a great time to do some estate planning.

Here's why:

For at least the last several years, estate planners have been encouraging and implementing all sorts of esoteric and costly strategies to deal with uncertainties related to the estate and gift tax components of the so-called "fiscal cliff."

Had we gone over the cliff, the estate and gift tax rates would have reverted to Bush-era levels. The basic exclusion, which exempts a certain amount of property from the estate tax, would have fallen to \$1 million and rates would have skyrocketed to 55 percent.

The American Taxpayer Relief Act of 2012 (ATRA), which averted the cliff, addressed these uncertainties, and prevented these large increases in gift and estate taxes from automatically taking effect.

The good news begins with a large

exclusion, which the ATRA sets at \$5.25 million, which is indexed to inflation.

Married couples can effectively combine their exclusions to transfer \$10.5 million tax free.

Prior to the ATRA, bypass "credit shelter" trusts were necessary to ensure that the exclusion of the first spouse to die would not be wasted. The ATRA makes permanent the relatively new concept of "portability," which permits the exclusion of the first spouse to die to be transferred to the surviving spouse. While bypass trusts have many non-tax related benefits in some circumstances, they may be unnecessary from a tax perspective.

The ATRA raises gift and estate tax rates from 35 percent to 40 percent. The new rate is substantially lower than the 55 percent rate that could have been in effect without the new law, so very large estate holders might consider breathing a sigh of relief on this one.

The laws enacted under the ATRA are permanent, at least in the sense that there is no automatic reversion to more burdensome tax laws. Congress would have to grab hold of what has become a third rail in American politics and vote to raise these taxes, which is not likely anytime soon.

Finally, the ATRA doesn't touch GRATs, IDGTs, Crummy powers, valuation discounts, and many other popular tools designed to minimize potential estate tax liability for particularly wealthy households. Large estate holders can and should consider employing these strategies. They may not be around forever.

In light of the new laws, you might be wondering if you need to update your will.

Of course, it's impossible to answer that question without a review of the documents, but you might take some comfort in the fact that the ATRA basically perpetuates the temporary laws that were in place in 2012.

Most estate planning specialists considered this outcome a possibility when

preparing documents for their clients over the last few years, so if you got your will done recently, you're probably OK.

However, at the risk of getting a little technical, some credit sheltering estate plans might rely on a "formula funding" mechanism. Given the very large basic exclusion amount, formula funding may result in some seriously unintended consequences. So if you're a married, high net worth householder with an old will, now's the time to at least have an estate planning specialist take a look at it.

For the rest of us, many of the uncertainties potentially affecting estate planning from a federal tax perspective are resolved, it probably won't get much better than this, so now is a good time to plan for that other inevitable in life.

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## THE BOTTOM LINES | YOUR BUSINESS ANNOUNCEMENTS



LAPRIEL ARMIJO



KONNIE  
KAHN-PROSENCA

### Tops at Vicki Lee Green

Vicki Lee Green would like to congratulate LaPriel Armijo for being top sales person for December. LaPriel has been selling real estate in Garfield County since 1992.

Konnie Kahn-Prosenca was top listing agent for December. Konnie is the newest agent at Vicki Lee Green.

### LIFT-UP hires assistant executive director

The LIFT-UP organization, which provides help to needy residents, transients and others, has hired Kim Loving as its first assistant executive director.

Loving has worked as the organization's office manager in Rifle for the past two years, and has 15 years of management and bookkeeping experience, according to a statement announcing her appointment.

"The position was here when I first got here," said executive director Mike Powell

on Monday, referring to an assistant director's slot. "But I didn't think we could afford it."

One way Loving's promotion can be financially justified, Powell said, is that she is taking on additional duties rather than giving up her job as office manager.

Loving's new job started effective Jan. 1.



KIM LOVING

### Workshop for businesses interested in supporting wildland firefighting efforts

The White River National Forest (WRNF) is hosting a free workshop for small businesses interested in contracting with the Forest Service to provide equipment, supplies and/or food support to wildland firefighting efforts.

Small businesses currently doing business or hoping to do business with the Forest Service are invited to attend. Topics covered will include updates on regulations, contracts, the ordering and payment process, and types of services needed to support crews. Services and equipment needed to support firefighting include meals, copiers, heavy equipment, refrigerated trailers, ice, hardware, showers, toilets, hand-washing stations and lodging.

The event will be held from 1-4 p.m.

Feb. 7 at the Business Incubator Center - Colorado PTAC's Western Slope Office, 2591 Legacy Way, Grand Junction, Colorado.

To register, or for more information, contact Liz Turner (970) 257-4819 or [ltturner@fs.fed.us](mailto:ltturner@fs.fed.us).

### GSCRA works with AMEX to make Small Business Saturday a success

The Glenwood Springs Chamber Resort Association's (GSCRA) involvement helped to make American Express' Small Business Saturday a success locally.

A consumer insights survey revealed that this year U.S. consumers who were aware of Small Business Saturday spent a total of \$5.5 billion at independent merchants on that day, and 67 percent of consumers were aware of Small Business Saturday as of Nov. 26, 2012.

"We're always working to support small businesses, both on Small Business Saturday and throughout the year," said Marianne Virgili, President & CEO of the GSCRA.

The local chamber of commerce/resort association applied for and was selected as one of 100 chambers nationwide to participate in the U.S. Chamber of Commerce program. The chamber was then given \$5,000 in American Express gift cards to distribute to stimulate local spending at small businesses.

More than 200 people showed up to receive the gift cards, and people were lined up for a city block. Two hundred \$25 gift cards were given away. The GSCRA also distributed Small Business Saturday logo welcome mats, posters and balloons to local businesses. More than 50 local businesses participated in displaying the materials.

The gift card promotion as well as a general Small Business Saturday message was promoted via all of the chamber's social network mediums, through media releases and in newspaper ads. The chamber also hung a banner on the exterior of the Visitor Information Center and directed our local participants to the Small Business Saturday website and Facebook page, where they could download promotional materials.

"Our small businesses were pleased to see the gift cards spent in their establishments. They also said shoppers recognized it was Small Business Saturday," said Angie Anderson, vice president of Operations for the GSCRA.

The GSCRA's involvement in the program received media coverage through the Post Independent and Grand Junction Sentinel, resulting in exposure to more than 36,000 readers for print and 54,000 visits online. The program was also well-received through Facebook and Twitter, where hundreds more were engaged.