Viewpoint of Jeanne M. Kerkstra, Esq., CPA

"Last Minute Stocking Stuffers for Those Who Have Everything"

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What do you give someone who has everything? A break on his taxes. That's what!

Effective January 1, 2013, there are big changes with the federal estate tax. The federal lifetime exemption plummets from $5,120,000 to $1,000,000 (back to the 2001 level). And it gets uglier. The estate tax rate skyrockets from 35% to a top rate of 60%. **There still is time to act before 2013, but you must act quickly.**

What should you put in your children's stockings, you ask? Well, how about one of these?

- Qualified Personal Residence Trusts (known as QPRT's) allow you to transfer your home and one vacation home out of your estate now at its current value (which we know is underappreciated) and into your children's estate while you get to claim all the tax benefits on your income tax return during the term of the Trust.
- A minority interest in your company can be transferred at a discount. Want more bells and whistles? Recapitalize your LLC or corporation to have both voting and nonvoting rights, and gift a nonvoting interest. This way you can experience the joy of gifting while feeling no pain.
- Gift $13,000 to any individual ($26,000 if joint gifting with your spouse).

When the Secretary of State and the County Recorder close early for year-end, you are out of luck. Bring a smile to your children's faces (and more importantly yours) by taking advantage of the higher exemptions in 2012. Call our office today so we can start work on your presents now!

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