O'NEILCANNON
HOLLMAN DEJONG & LAING S.C.

NEW TAX LEGISLATION ALLOWS FOR ENHANCED ESTATE PLANNING

The President has signed into law the new tax legislation which recently passed through Congress. Generally, the new tax law extends the existing tax rates for two more years, provides a two percent reduction in the payroll tax, and increases the estate tax exemption to $5 million. An additional provision in the legislation, which has been given very little attention in the public media, increases the gift tax exemption to $5 million beginning in 2011. Prior to this, the gift tax exemption was $1 million. This change will give individuals significantly greater flexibility in their estate planning. The $1 million gift ceiling was a hindrance to many individuals who wished to do comprehensive estate planning. With this exemption raised to $5 million, $10 million per couple, the estate planning options become much more diverse and will allow significantly more freedom to individuals to do planning.