

The Speculation and Uncertainty surrounding **ESTATE TAXES**

While the estate tax exemption is scheduled to revert back to \$1 million this January 1 ...
there are steps to consider now as part of your succession and estate plan.

The right **ideas**.

The right **results**.

Achieved with the right **firm**.



Gifting ownership interests of a closely-held business may be the right course of action for business owners. For 2010, the annual gift exclusion is \$13,000 per recipient and gifts are not limited to cash and marketable securities.

For example, a husband and wife own a business and have two kids. Each can gift \$13,000 to each recipient, so \$52,000 of value would transfer out of their estates and move from one generation to the next. This can be done each year.

A business valuation determines what an ownership interest is worth, with many factors contributing to the final result. With recent **economic conditions** and **industry trends** applying negative pressures on the values of businesses, many have lost some of their net worth in the current lean years. In addition, future earnings may take

some time to rebound and generate business growth.

Because of these factors, ***now*** could be the best possible time to transfer business interests to your heirs and beneficiaries. With business values depressed and gift tax rates at their lowest levels, **the tax cost of transferring ownership interests is lower than it is likely to ever be again**. Further, this will allow future appreciation in value to take place outside of your taxable estate and to be credited to your beneficiaries.

Ownership interests in a closely-held business may be gifted without giving up control. Discounts may also apply, further reducing the taxable value of the ownership interest being transferred. In other words, a business owner can gift more each year and still remain under the \$13,000 annual gift limit.

Zinner & Co. LLP can help you decide if gifting a business's interests is the RIGHT course of action for you – and we have the expertise to value your business.

Your Success is our Business.

