

## Trusts & Estates

Stuyvesant K. Bearns

James T. Betts

Coleman H. Casey

Danielle P. Ferrucci

Stephen K. Gellman

Bryon W. Harmon

Charles B. Kaufmann, III

Lori E. Romano

Lyn Gammill Walker

## Important Estate Tax Law Changes Now in Effect

As of January 1, 2010, the federal estate tax has been temporarily repealed. The temporary elimination of the estate tax has created a great deal of uncertainty. Although many believe that Congress will reinstate the estate tax retroactive to January 1, we cannot be certain this will be the case. Until Congress acts, we expect you may be asking, "What, if anything, should I do?"

For many, a "wait and see" approach makes sense. However, we recommend that the following categories of clients contact us to discuss changes that should be incorporated into their estate plans:

- You believe your spouse or you may not survive the year.
- For married couples, you leave an amount tied to the federal estate tax exemption to beneficiaries other than your spouse (e.g., your Family Trust, or Trust B, benefits your children but not your spouse).
- You leave assets to charitable beneficiaries based on a formula which refers to the federal estate tax exemption.

- Even if you do not fall within one of the above categories, if you have questions or concerns or would like to take this opportunity to review your estate plan, please contact one of us.

A summary of the state of the current transfer tax law as of the date of this update follows.

### ***Federal Estate Tax***

- There is no federal estate tax for estates of those dying in 2010.
- There is no federal generation-skipping transfer tax ("GST" tax) for generation-skipping transfers occurring in 2010.
- There is no so-called "stepped-up" basis for capital gains tax purposes for assets owned by those dying in 2010. Instead, those assets retain the decedent's basis ("carryover" basis), but opportunities exist to increase the basis of estate assets up to \$1.3 million for assets passing to any



beneficiary and up to \$3 million for assets passing to a spouse.

- The federal gift tax remains in effect with a \$1,000,000 exemption.
- The rate applicable for gifts in excess of \$1,000,000 is 35% (reduced from 45%, the rate in effect in 2009).
- The annual exclusion amount for gift tax purposes is \$13,000 per donee, the same as in 2009.
- In 2011, the federal estate and GST taxes are scheduled to be reinstated with \$1,000,000 exemptions and 55% rates.

## **Connecticut Estate Tax**

- The Connecticut estate tax remains in effect, with a \$3.5 million exemption.
- There is no Connecticut generation-skipping transfer tax.
- The Connecticut gift tax remains in effect, with a \$3.5 million exemption and a \$13,000 per donee annual exclusion.

## **Questions or Assistance?**

If you have any questions about this legislative tax update, please contact any member of the [Trusts & Estates Department](#) listed below.

One Constitution Plaza  
Hartford, CT 06103-1919  
860-251-5000

300 Atlantic Street  
Stamford, CT 06901-3522  
203-324-8100

289 Greenwich Avenue  
Greenwich, CT 06830-6595  
203-869-5600

12 Porter Street  
Lakeville, CT 06039-1809  
860-435-2539

[www.shipmangoodwin.com](http://www.shipmangoodwin.com)

### Trusts & Estates

Stuyvesant K. Bearns  
(860) 435-2539  
[sbearnsgoodwin.com](mailto:sbearnsgoodwin.com)

James T. Betts  
(860) 251-5150  
[jbettsgoodwin.com](mailto:jbettsgoodwin.com)

Coleman H. Casey  
(860) 251-5112  
[ccaseygoodwin.com](mailto:ccaseygoodwin.com)

Danielle P. Ferrucci  
(860) 251-5105  
[dferruccigoodwin.com](mailto:dferruccigoodwin.com)

Stephen K. Gellman  
(860) 251-5109  
[sgellmangoodwin.com](mailto:sgellmangoodwin.com)

Bryon W. Harmon  
(860) 251-5106  
[bharmongoodwin.com](mailto:bharmongoodwin.com)

Charles B. Kaufmann, III  
(203) 869-5600  
[ckaufmanngoodwin.com](mailto:ckaufmanngoodwin.com)

Lori E. Romano  
(203) 869-5600  
[lromanogoodwin.com](mailto:lromanogoodwin.com)

Lyn Gammill Walker  
(860) 251-5146  
[lwalkergoodwin.com](mailto:lwalkergoodwin.com)

[www.shipmangoodwin.com/trustsandestates/](http://www.shipmangoodwin.com/trustsandestates/)

This communication is being circulated to Shipman & Goodwin LLP clients and friends. The contents are intended for informational purposes only and are not intended and should not be construed as legal advice. This may be deemed advertising under certain state laws. Prior results do not guarantee a similar outcome. © 2010 Shipman & Goodwin LLP.



**SHIPMAN & GOODWIN** LLP<sup>®</sup>  
COUNSELORS AT LAW