



20102 Cedar Valley

Suite 204

Lynnwood, WA

425-939-9948

www.planningwithpurposeinc.com

Upcoming Seminars:

WHEN: Sept 22, Saturday @ 1pm

WHERE:
Lynnwood Library

WHEN: Sept 26, Wednesday @ 7pm

WHERE:
Shoreline Library

WHEN: Oct 23, Tuesday @ 7pm

WHERE:
Kingsgate Library

PLANNING WITH PURPOSE, INC

THE LAW OFFICE OF PAUL H. GRANT

Volume I, Issue 2

September 2012

Gift-giving - The Closing Window

BY: PAUL H. GRANT, JD LL.M

An unprecedented opportunity is coming to a striking close. The power of utilizing gift-giving as an estate planning tool is anticipated to return to 2001 levels. What does that mean?

In 2010, Congress passed a two year extension of the Bush tax laws. In addition, they interjected several anomalies; one being that the gift and generation-skipping tax exclusion became equal to the estate tax exclusion - \$5 million. Practically, that means that an individual can give away \$5 million without encountering a tax liability. Traditionally, if a person gave more than \$1 million dollars away during their lifetime a 37-60% tax would be im-

posed on top of the amount gifted. For example, before 2010 if someone gave \$2 million to a child then the giver would have been hit with a \$490,000 tax bill. However, currently the exclusion amount is \$5 million, so that same \$2 million gift would have no tax consequence (assuming no Federal exclusion has been previously used).

It is anticipated that at the end of this year, the gift and generation-skipping exclusion amounts will plummet. To what figure? No one knows for sure, but most experts expect the range to be between \$1-\$3 million.

Why does this matter? Because the window of certainty is closing, and because it is expected that a precipitous drop will occur, it is important for those with a potential taxable estate to consider gifting as a tax saving measure. This may apply to any single individual who is worth \$1 million or more and to a married couple whose assets, including life insurance policies, would exceed \$2 million.

Be very cautious when considering gifting money to a child or grandchildren. A strategic, well-designed plan to ensure your future before giving assets away is imperative. Furthermore, giving

(CONTINUED ON BACK)

LEGAL TECHNICAL

Does a power of attorney expire? As any good attorney would answer – it depends! A power of attorney (POA) can designate a specific time that it is effective. Many POAs are not valid until the principle (the person who made the POA) is disabled – this is termed a “springing” POA. Other POAs are valid immediately and remain in effect until death. Unless a POA is used for a specific purpose, like to buy a house or conduct a business transaction, most POAs do not have an ending date.

Although a POA may not legally expire, a POA can become stale. A stale POA is one that is too old in the opinion of the receiver. A stale POA creates greater administrative difficulty for the agent attempting to use it. Additional documentation is often required to verify the POA’s authority, extending the time and interjecting hassle in expediently accomplishing the desired tasks, or worse yet, the agent becomes frustrated and abandons the task. Having an updated POA is essential as it will assist streamline the process, conform to current laws, and reduce anxiety.

money should NEVER be done outright – protecting the receiver from unexpected creditors, divorces, catastrophic illnesses, and other unforeseen events can make this gifting opportunity a powerful, tax-free blessing for generations to come.

Do you or someone you know need more information? The window of opportunity is expiring since a strategic plan takes time and counseling. And as a base issue, before imparting gifting strategies, is your estate plan up-to-date and fully ready if required to be used? Planning With Purpose, Inc is well equipped to assist you in discovering what is the right planning technique and plan for you and your family. Call us today to attend one of our seminars on estate planning or to schedule a firm introduction. Together we can change the way America plans – through strategic, personal plans that protect wealth and family values for generations. Call us at 425-939-9948.

Is it time for you to create or update your plan? If you, a client, family member, friend, co-worker, or anyone else, have been thinking about creating or updating their plan, our firm would love to help. There are several no-obligation ways to contact us – through our regularly scheduled seminars (check out our website at www.planningwithpurposeinc.com), by sending us an email at info@planningwithpurposeinc.com, or picking up the phone to make an appointment to discuss your personal needs and concerns at 425-939-9948.

Major Medicare changes are coming for 2013 - How will these changes affect you and/or your clients? Planning With Purpose, Inc is proud to introduce David Stryzewski and his **no cost** - fair comparison services. Medicare Open Enrollment has a short window of opportunity to make strategic decisions for you, your clients, or your loved ones; it begins October 15th and ends December 7th. We recommend EVERY person who has Medicare have this free yearly review. Be sure to reach out to understand where you will stand in 2013, by contacting David directly at 425-821-9442.

■ PWP CORE VALUES:

To create personalized, strategic plans that protect wealth and family values for generations through estate planning.

To create plans that work – meet a client's expectations with a predictable, known outcome.