

Spring 2011

The Guttenberg Dress

Strategic Trust and Estate Planning and Wealth Preservation

LAW OFFICES OF GUTTENBERG & FRANKLIN, LLC

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Dear Friend,

It is with pride and excitement that we announce the admission of Amanda Hunt Franklin as a principal of our firm, effective January 1, 2011.

In addition to saluting Amanda, this occasion provides a wonderful opportunity to extend our continuing appreciation to our clients and friends who have been part of our firm's family since our inception.

Welcome Amanda Franklin, our New Partner! and introducing our new look and new name!

FROM PARALEGAL TO PARTNER

Amanda joined the Law Offices of Aryeh Guttenberg in 1999 as a secretary and her professional growth has been nothing short of phenomenal. With her immense talent and diligence, nurtured through our firm as a paralegal, law clerk and highly skilled attorney (see time-line), Amanda has been instrumental in propelling our firm to its status as one of the preeminent trusts and estates law practices in Maryland. Amanda has received accolades from clients and colleagues not only for her commanding technical expertise in the trusts and estates arena, but also for her intuitive wisdom and endearing personal touch that have served to provide effective and efficient solutions for our clients' goals.



OUR NEW FIRM NAME

Our new firm name, Guttenberg & Franklin, LLC, and our new logo, is a clear recognition of Amanda's achievements, our synergies, and an affirmation of our commitment to our clients and to our future.

A Boutique Trusts and Estates Firm Evolves:



LAW OFFICES OF ARYEH GUTTENBERG

- July '92 - Aryeh launches practice in Commercentre
- Dec '98 - Aryeh's Maryland Estate Planning Book Published
- July '99 - Amanda joins firm as secretary
- July '02 - Firm's 10th Anniversary
- Aug '00 / May '05 - Amanda serves as paralegal and law clerk
- Aug '05 - Aryeh appointed adjunct professor at U of MD. Law School
- July '07 - Firm relocates to Atrium at Greenspring
- Dec '07 - Aryeh admitted to ACTEC
- Sept.04 / Dec '10 - Amanda serves as associate
- Present - Amanda named principal ; firm changes name



LAW OFFICES OF
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FRANKLIN, LLC

GUTTENBERG & FRANKLIN, LLC IS A PREEMINENT TRUSTS AND ESTATES PRACTICE
REPRESENTING FAMILIES AND BUSINESSES IN MARYLAND AND NEW YORK.

ESTATES AND TRUSTS

ESTATE AND TRUST PLANNING • WILL AND TRUST PREPARATION
ESTATE AND TRUST ADMINISTRATION • STRATEGIC WEALTH PRESERVATION
CHARITABLE GIFT PLANNING • ELDER LAW AND GUARDIANSHIPS

CORPORATE

FORMATION - CORPORATION, LLCs AND PARTNERSHIPS
SUCCESSION PLANNING • BUSINESS AGREEMENTS • MERGERS AND ACQUISITIONS
FORMATION OF NON-PROFIT ENTITIES/PRIVATE FOUNDATIONS

PLEASE CONTACT US IF WE CAN ASSIST YOU IN ANY OF THESE AREAS.

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KEY ESTATE AND GIFT TAX CHANGES FOR 2011 AND 2012:

A 2-Year Window of Opportunity

The estate tax has been in a state of flux for the last decade. 2010 was the strangest year where there was a 1-year repeal of the tax. And, if Congress had chosen to do nothing, we would be facing a return in 2011 to the \$1 million estate tax exemption and a top tax rate of 55%

To the surprise of most, Congress acted in late 2010 - resulting in the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, signed into law by President Obama on December 17, 2010. In addition to containing favorable income tax provisions (such as extending the "Bush tax cuts"), the legislation makes significant changes to estate and gift taxes. But these changes are temporary and expire after 2012 (unless further extended).

HERE'S A SUMMARY:

Estate Tax Choices for 2010

- Decedents dying in 2010 have choice between repeal (no federal estate tax) and new 2011 rules (see below).
- Key choice with far-reaching consequences.

Estate Tax for 2011 and 2012

- Exemption: \$5 million/Rate: 35%
- Allows "portability" of unused exemption between spouses (but only for 2 years)
- Planning Opportunity: How best to integrate "portability" with trusts to maximize exemption for both spouses.

Gift Tax for 2011 and 2012

- Exemption: \$5 million/Rate: 35%
- Planning Opportunity: 2-year window for major wealth transfer to next generation.

Generation-Skipping Transfer Tax for 2011 and 2012

- Exemption: \$5 million/Rate: 35%
- Planning Opportunity: Enhanced use of generation-skipping trusts.

"Sunset" after 2012

- Back to \$1 million exemption and top 55% rate
- ...unless Congress provides another fix. (We're tempted to say this is probable but given the surprises of the past, we just can't predict.)

REVIEW AND ACTION IS KEY IN 2011

The new estate tax law is certainly a positive development. We urge you to update/review your planning to take advantage of the new law. Here are 5 timely reasons:

- 1. Maximize New Federal Exemption.** Your will should take advantage of the \$5 million exemption and ensure that the increased exemption does not shortchange your spouse under preexisting wills.
- 2. Reduce Maryland Estate Tax.** Your will should provide for a special Maryland QTIP trust to save onerous Maryland estate taxes,

and avoid the tax trap caused by the increase in the federal exemption. Keep in mind that the Maryland estate tax exemption is still at a low \$1 million level.

3. 2-Year Window for Large Tax-Free Gifts.

In 2011 and 2012, an enormous amount of wealth can be transferred to children and grandchildren without paying gift tax. We have developed specific strategies for high net worth individuals.

- 4. Life Insurance Trusts.** We recommend for most clients that life insurance be held in a separate "Life Insurance Trust" to avoid both federal and Maryland estate taxes. This is especially important as the \$5 million federal exemption is in place for only 2 years.

- 5. Generation-Skipping Transfer (GST) Planning.** The new law provides significantly enhanced strategies for saving taxes in multiple generations and protecting assets from creditors for generations.

We urge you to contact us to review your estate planning and how the new law applies to you.

Important POA Reminder: As we discussed in our Fall 2010 newsletter, everyone should sign a new financial power of attorney that complies with the new Maryland power of attorney law effective 10/1/10. Please contact us if you have not yet signed this new power.



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