

## **New Federal Estate Tax Poses A Potential Hazard To Retirees**

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February 9, 2011 (FPRC) -- Houston, TX - One of the most notable provisions in the recently passed Obama Tax Relief and Job Creation Act of 2010 (the 'Act') is the raising of the federal estate tax exemption limit to \$5,000,000 per person with a maximum estate tax rate of 35%. This means that a married couple, with proper planning, can pass \$10,000,000 estate tax-free. And while this is welcomed news to many wealthy investors, the recent Act comes with a potential downside.

'Very few, if any, wealth advisors expected Congress to raise the federal estate tax exemption to such a generous level,' explains Eli Mitcham, President of Sustain Wealth Advisors, LLC. 'This is wonderful news for high net worth individuals and has created many tax savings opportunities, but what folks really need to understand is that this law is not permanent.'

The act contains a 'sunset' provision, which without further legislation will cause the current estate tax exemption of \$5,000,000 to revert to a mere \$1,000,000 on January 1, 2013 with a maximum tax rate of 55%.

'Therefore, it may make sense for concerned investors to 'lock in' the benefit of the current law before it expires or changes,' explains Mitcham. 'Many people still believe that the exemption can only be used at death. On the contrary, any taxpayer may use their estate exemption now rather wait till death.'

Mitcham goes on to say, 'If the estate tax exemption is more favorable in the future, you can take advantage of those future changes. But if the exemption is reduced, you would have locked in your exemption under current higher levels creating beneficial tax savings along the way.'

To use your exemption now, simply segregate the exempt amount from your estate and file IRS form 709. The discussion in this notice of the changes in federal tax law is extremely general and should not be relied on as constituting legal, tax or financial advice applicable to any individuals personal situation.

If you would like to review the potential impact of these tax law changes on your estate plan, or if you would like to discuss questions in this regard, visit [www.SustainWealth.com](http://www.SustainWealth.com)

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