

Team Tisser Foundation



Team Tisser Foundation (TTF) is a non-profit corporation founded by Doron M. Tisser and his wife Laurie. TTF raises money for various charitable purposes and does not focus on any one charity or charitable purpose. The goal is to raise as much money as possible to "Help Make A Difference" by "Improving Life for Others." TTF has made donations to Memorial Sloan-Kettering Cancer Center, Leukemia & Lymphoma Society, Challenged Athletes Foundation, as well as charities helping people affected by natural disasters such as Hurricane Katrina and the Tsunamis. Since 2000, TTF has donated almost \$175,000 to over 25 different charities. Friends and clients generally donate money to TTF to support Doron's participation in triathlons and marathons. If you would like more information about TTF, please contact Doron at doron@tisserlaw.com, or visit www.teamtisser.org

Quick Links

www.tisserlaw.com

www.teamtisser.org

About

Doron M. Tisser

Doron M. Tisser has specialized in estate and gift planning, tax planning, trust and probate administration, charitable giving, buy-sell agreements and related areas for over 30 years. Mr. Tisser is one of less than 100 attorneys in California who has been designated as both a Certified Specialist in Probate, Estate Planning and Trust Law, and as a Certified Specialist in Taxation Law by the State Bar of California Board of Legal Specialization. He was chosen by his peers as a Super Lawyer for 2009, 2010, and 2011 for Southern California, and enjoys an "a.v." rating by Martindale-Hubbell Law Directory, which is the highest possible rating and is based on ethical considerations and legal skills. Mr. Tisser has published over 65 articles and chapters in books on various estate and tax planning subjects and is a frequent speaker and lecturer at estate and tax planning seminars. Mr. Tisser competes in triathlons, including Ironman races, and raises money for charities through Team Tisser Foundation, a non-profit corporation he co-founded with his wife Laurie.



What's Happening

Our 3rd annual State of Estate Planning Conference will be held on Wednesday evening, February 8, 2012 and again on Tuesday February 21, 2012. If you would like to RSVP, please contact either Laura Stein, at laura@tisserlaw.com, or Amber McBride, at amber@tisserlaw.com. We will be covering the current estate tax laws and what we can expect in the future, as well as current developments. You are invited to bring your friends.

We are pleased to announce that Team Tisser Foundation (TTF), a non-profit corporation co-founded by Doron M. Tisser and his wife, Laurie, is now accepting contributions by credit cards. If you would like to make a donation before the end of 2011, or at any time, you can go to www.teamtisser.org home page to make your donation. Of course, you can still send TTF a check at our office address.

Doron M. Tisser is proud to announce that he is now a member of the Southwestern Law School Alumni Board of Directors.

The next meeting of the San Fernando Valley Networking Group for graduates of Southwestern Law School will be held January 26, 2012. If you or someone you know is a graduate of Southwestern Law School, works or lives in the San Fernando Valley and wants to attend the meeting, contact Laura Stein at laura@tisserlaw.com or call Laura at (818)226-9125. We have also established a list-serve for members to stay in touch with each other.

If you would like Doron M. Tisser to speak to your group or organization about the new estate tax laws, trust administration or other estate planning subjects, please contact Laura Stein at laura@tisserlaw.com or call Laura at (818)226-9125.

ESTATE AND GIFT TAX PLANNING FOR 2012

The question we keep getting asked is, "What will happen to estate taxes?" The answer is that we do not know. It has been a roller coaster ride for the last three years in terms of estate tax planning, with the amount that can be left estate tax free, as well as related tax laws, having changed three times in those three years.

The Congressional Joint Select Committee on Deficit Reduction ("Super Committee"), made up of an equal number of Democrats and Republicans, was supposed to propose cuts in spending by \$1.2 trillion over the next 10 years and find an additional \$1.5 trillion in savings over that same period.

There were rumors that the Super Committee might propose reducing the amount you can leave estate tax free to \$1 million as early as November 23, 2011, the date the Super Committee's report to Congress was due. As you are probably aware by now, that date came and went without the Super Committee being able to agree on spending cuts and tax savings.

The failure of the Super Committee is a good indicator of what we can expect to see with respect to tax law changes. The two parties in Congress will not agree on matters, and so the bottom line will be which party controls Congress and the presidency.

There are Republicans in Congress proposing to repeal the estate tax. This repeal is unlikely to happen. Some Democrats have proposed to accelerate the reduction in the amount you can leave estate tax free (from \$5 million to \$1 million) to become effective in 2012 instead of 2013. At the same time, there are Republicans in Congress who have gone public and said they will not support tax legislation that may cause them problems in the upcoming elections.

Since we are left with such uncertainty as to future estate tax planning, our goal is to encourage every one of our clients to consider utilizing the estate planning techniques that are available to us now.

\$5 Million Exemption

Under current law, the amount you can leave estate tax free when you die is \$5 million until 2013, at which time that amount reduces to \$1 million. While we do not want you to plan to use this amount in 2012 (i.e., die next year), the exemption also applies to gifting.

The amount you can gift to your family, without incurring gift taxes, is also \$5 million until 2013. In 2013, this amount is also reduced to \$1 million.

If you have the ability to make large gifts to your family, in excess of \$1 million, you should consider this opportunity as soon as possible. If the law does reduce the amount to \$1 million, the opportunity to gift the extra \$4 million tax free may be lost forever.

If you do gift \$4 million to your children in 2012 and the law reduces the exemption amount to \$1 million in 2013, you have successfully taken \$4 million out of the tax system.

Estate and Gift Tax Rates

The current estate and gift tax rates are 35%. Any amounts subject to those taxes are taxed at 35%. When the amount you can leave estate tax free reduces to \$1 million in 2013, the estate and gift tax rates will increase back to 55%.

If you do want to make large gifts to family members in 2012, you may want to think about making gifts that are subject to gift taxes, on which you will pay a 35% gift tax.

While nobody wants to pay a gift tax, any amounts you keep in your estate may be subject to a 55% estate tax when you die. This 20% difference in tax brackets may be appealing enough to consider making large gifts before 2013.

Discounting

There are proposals in Congress to eliminate discounting on transfers to family members. If this happens, the technique discussed below will no longer be available to you. You should therefore look at gifting with discounts while the opportunity is still available.

Discounting is a technique in which an appraiser is able to reduce the value of an asset you are transferring to your family because you are only transferring a portion of the asset, not the entire asset.

If you gift your son half of an apartment building that is worth \$1 million, the beginning value of the one-half would be \$500,000. But because your son would be limited in his ability to control the building since he doesn't own all of it, the appraiser may determine that the value of his one-half interest is actually \$400,000, which is a 20% discount.

This means that if you want to gift \$5 million of assets to your children in 2012 and the value of the assets can be discounted by 20%, you are actually only making a \$4 million gift for tax purposes, because a 20% discount on those assets would reduce the value for tax purposes to \$4 million.

Grantor Retained Annuity Trusts (GRATs)

A GRAT is an effective way of transferring assets into a trust for a family member, usually at a discounted value, while allowing you to receive back some of the assets in the trust after a specified period of time. Generally, GRATs are used with time periods of one to four years.

There is legislation proposed in Congress to impose a minimum number of years for a GRAT to exist, which would effectively eliminate the use of GRATs.

Conclusion

It is obvious no one can predict what will happen with estate and gift taxes in the future, so 2012 is shaping up to be a serious year for estate tax planning and for those looking to take advantage of the current estate tax rates and available planning tools (e.g., discounting).

If you are considering doing tax planning in 2012, start the planning as early in the year as possible because many of the tax planning techniques take months to complete and you need to make sure the planning is completed before 2013.