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August 15, 2016
VIA EMAIL TRANSMISSION & U.S. MAIL

Dear Estate Planning Clients:

Single individuals who are expected to have more than \$5,500,000 in net worth, and married couples having twice that amount are aware that the federal estate tax is a significant obstacle. This also applies to clients who have made large gifts with exemptions much lower than the amounts described above.

An Internal Revenue Code Section that was enacted in 1990 gave the IRS the authority to promulgate regulations, which can take away what we call “family entity discounts.” Proposed regulations have come out in the past few days which would do just that, and the IRS has expressed an intention to promulgate final regulations sometime in January, which will substantially reduce planning opportunities for clients who have valuable assets and wish to have them pass at a lower or completely avoided estate tax cost.

An article that we recently wrote for our colleagues describes this more extensively below:

Please let us know if you would like to get together to discuss planning before January, and if so, it would be better to start this sooner rather than later, because we anticipate a year-end “rush” as the result of this.

In your situation, we also have significantly more certainty that will occur on the three year anniversary of the filing of the gift tax returns for the 2012 planning that you did.

As you may recall, we took significant discounts that are now “locked-in”, and did not use all of our gifting allowance amounts, so that there would be cushion in case the IRS were to challenge the discounts. Since the IRS is presently not flagging even 5% or 10% of gift tax returns for review right now, we should be in good shape to lock in further discounts before the new regulations would be issued, and I strongly urge you to consider this.

If you like, we can start with a 15-minute phone call at a time of your convenience.

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Best personal regards,

VIA EMAIL & U.S. MAIL

Alan S. Gassman

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