

Dear _____:

Thank you very much for providing us with the opportunity to help you with the funding and installment sale that was completed this year.

As I am sure you are aware, the political situation resulted in no estate and gift tax law changes, so the \$11,700,000 estate tax exemption will go up to \$12,060,000 on January 1st, and the \$15,000 per year annual gifting exclusion will be \$16,000 on January 1st.

There will doubtlessly be continuous efforts to reduce the estate tax exemption and eliminate planning opportunities that now exist, but hopefully this will not be anytime soon.

Realistically, and assuming that no major deals are struck that would have some Republican participation, it seems unlikely that the estate and gift tax rules will change in the near future unless more seats in the Senate pass to the Democrats in the 2022 election.

One question for your planning is whether you should forgive the promissory notes owed by the _____ Trust and the _____ Trust to you by using estate tax exemption.

The primary advantage of note forgiveness will be that interest payments will not have to be made to you going forward, so that your estate will be smaller.

The primary disadvantage is the loss of flexibility in case you would ever want to withdraw significant funds or other assets from the trusts, or to change how the amounts owed to you by the trusts would pass during your lifetime or in the event of death.

There was a recently published article and a professional webinar on this topic that you may want to read and/or watch.

I can send you a link to the webinar if this is of interest, and a copy of Part I and II of the article is attached.

Please let me know if you have any questions or would like to discuss this, and thank you as always for the opportunity to be of service.

Best personal regards.