

ESTATE PLANNING NEWSLETTER

YEAR-END GIFTING GUIDE

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We frequently advise clients that it is cheaper and more tax-efficient to make gifts during lifetime than it is to give it away at death through an inheritance. In addition to the tax advantages associated with gifting, gifting during lifetime provides the additional advantage of getting to see your gifts help others, whether those gifts be to individuals or charities.

We are usually very busy this time of year assisting clients with year-end gifting in addition to the hustle and bustle of the holidays. This year, more than ever, provides an optimal tax environment for year-end gifting in the face of an increasingly uncertain tax environment for 2013.

The elimination of the gift tax, the large federal estate tax exemption and the uncertainty in the federal tax arena make 2012 an optimal year for year-end gifting.

Until this year, Tennessee residents could

only make gifts of \$13,000 per person per year without incurring Tennessee gift tax. As we advised you in our previous newsletter, Tennessee eliminated the gift tax retroactive to January 1, 2012, which means that gifts during 2012 will not be subject to Tennessee gift tax regardless of the size of the gift.

Additionally, the federal gift and estate tax exemption amount through the end of 2012 is \$5,120,000. If Congress does not act prior to the end of this year, the exemption amount will return to \$1,000,000 with a maximum 55% tax rate effective January 1, 2013. If Congress does act, we do not know where the exemption amount will ultimately settle. The combination of the elimination of the Tennessee gift tax and the high federal exemption amount provide a significant gifting opportunity tax-free through the end of 2012.

Finally, we can maximize the value of the gift and the tax benefits by gift-

ing into trusts for beneficiaries. Incorporating trusts can maximize the gift, estate and generation-skipping tax benefits and provide protection for the beneficiaries from a divorce, a lawsuit, and other creditors and predators.

By structuring the trust properly, we can keep the trust assets out of the beneficiary's estate for estate tax purposes, and we can even structure the trust to allow your spouse access to the trust to alleviate concerns about access to the funds if needed down the road. Appreciation in the gifted assets can further increase the value of the gift.

Don't miss out on the opportunity to evaluate the potential advantages of gifts this year for you and your family. Please contact our office to learn more about opportunities and strategies to meet your specific objectives, take advantage of significant tax benefits, and provide benefits to your intended beneficiaries in a meaningful way.

CHARITABLE GIVING OPPORTUNITIES

The end of the year is also a time when people consider and make gifts to one or more charities. As you evaluate your year-end gifting opportunities, remember some of the charitable gifting strategies and tax benefits for charitable giving, especially in light of the current uncertainty regarding federal tax laws. There have been discussions about capping charitable deductions in future years and reduc-

ing the deductibility of charitable gifts. Additionally, the Pension Protection Act provisions allow for charitable gifts of up to \$100,000 directly from a retirement plan to a qualifying charity for donors over age 70 1/2. This opportunity continues to be available through the end of 2012, but we are again uncertain about whether this opportunity will be extended

next year. Other great opportunities include donor-advised funds, in which you can get the current income tax benefits of the charitable gifts but defer the actual gifts to charities, and charitable trusts, which can provide significant benefits both to charitable and individual beneficiaries.

Contact our office to learn more about charitable giving opportunities.



Lang Wiseman
Attorney & Counselor at Law

Business & Commercial Litigation
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WISEMAN BRAY WELCOMES WILL PATTERSON

We would like to introduce the newest member of our team at Wiseman Bray, **Will Patterson**. Will focuses his practice primarily on litigation and will be working with our litigation team on commercial litigation, personal injury, products liability, auto accidents, construction disputes and municipal law matters. Will received his J.D. from the University of Memphis in 2012. During the summer of 2010, he clerked for Wiseman Bray. As a third year law student, Will clerked for the Honorable Robert Weiss. He received his B.B.A. in Finance in 2008 from Freed-Hardeman University. As many of you know, Will is also Chris Patterson's younger brother. We are excited to have Will as a member of our team!



Chris Patterson
Attorney & Counselor at Law

Litigation
Construction Disputes
Local Government
Municipal Law
Auto Accident
Wrongful Death
Personal Injury

***MERRY CHRISTMAS AND
HAPPY NEW YEAR!***

All of us at Wiseman Bray hope that you and your families have a safe and happy holiday season! We look forward to continuing to assist you with your legal needs as we wrap up 2012 and enter 2013. Please do not hesitate to call us if you have questions or legal needs.



Lindsay A. Jones
Attorney & Counselor at Law

Estate Planning
Probate
Trust Administration
Business Planning

Disclaimer We are obligated by ethical rules to state that this Newsletter is an advertisement. Certifications of Specialization are available to Tennessee lawyers in many areas of practice, including the areas of Civil Trial, Criminal Trial, Business Bankruptcy, Consumer Bankruptcy, Creditor's Rights, Medical Malpractice, Legal Malpractice, Accounting Malpractice, Elder Law, Estate Planning and Family Law. Listing of related or included practice areas in this Newsletter does not constitute or imply a representation of certification of specialization.

Pursuant to recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.