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The Andersen Firm, A Professional Corporation, Attorneys At Law



Message from the President



Spend a few minutes with us and you'll soon realize we practice law with a unique focus on extra quality and client-centered service. We build lasting long-term relationships. We'll get to know you and your goals. Then, we'll use our legal knowledge and experience to help you.

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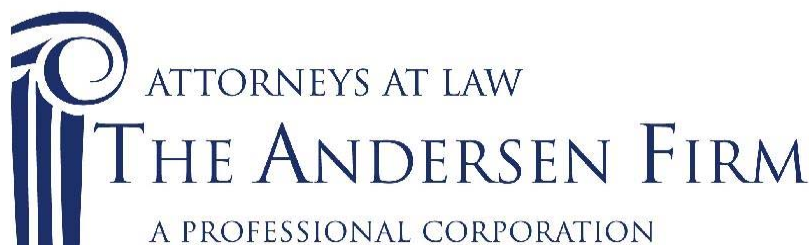
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The State Of Estates News

1st Quarter 2010

Quote of the Quarter:

"Pleasure in the Job puts Perfection in the Work" - Aristotle

Estate Tax Update:

Although the House approved extensions for the 2009 estate tax credit and rate the Senate was still tied up with health care reform and didn't get to it before the end of the year. This leaves the estate tax in limbo because the way the law is written now there is NO estate tax in 2010 only to have it come back with vengeance in 2011 at a \$1 million exemption that is indexed for inflation and a 55% tax rate. The generation-skipping tax also ended for 2010. Further, the gift tax rate falls to 35% from 45%. Gifts of more than \$1 million WILL be taxed regardless of the exemption for transfers at death.



The mess continues to build as the step up in basis for inherited assets is replaced by a tortuous system called the "Modified Carryover Basis Regime" that starts with the decedent's income tax basis. Executors are allowed to increase the basis of inherited assets by up to \$1.3 million, with an extra \$3 million for assets left directly to a surviving spouse or in a qualified terminable interest trust (QTIP) for the benefit of a surviving spouse.

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PRACTICE AREAS:

Estate Planning:

At the Andersen Firm, we have planned for a vast array of estates ranging in size from a few hundred thousand dollars to a hundred million dollars all the while realizing each specific case is different and requires specialized attention.

Estate Settlement:

The process of settling an estate can be difficult and emotionally painful for the family and loved ones of the deceased. It is our goal at The Andersen Firm to ensure that the process be handled with compassion, expedience, professionalism and expertise, while protecting the rights of all parties involved.

Estate Litigation:

Congress knows this is a nightmare and will be pushed to come to a resolution ASAP.

Technically, Congress has until September 1st of 2010 to fix this mess because a death tax return (from 706) is due 9 months after the date of death. So, let's say a person passed away on Jan. 1, 2010 and their 706 was filed with the IRS immediately thereafter; The IRS will simply sit on it and wait for Congress to pass legislation dealing with the estate tax, then go back and retroactively apply the tax credits and rate outlined in the new law. But whether or not retroactivity will pass constitutional muster is already being debated.

Family Limited Liability Companies Used to Reduce Estate Tax:

In a recent tax court case involving a father who had set up an FLLC with his son and trusts for his grandkids, it was ruled that FLLCs can reduce estate tax liabilities if the FLLC was established for reasons other than tax savings.

In this specific case the parties transferred stock in the father's employer to an LLC and took back proportionate interests in it. Although estate tax savings from discounts for partial LLC ownership were discussed, the main reasons for the transfers were to keep the grandkids from selling their stock and to keep the shares at bay from the son's divorcing spouse. Further, keeping this block of stock intact allowed the family to maintain a seat on the firm's board. Thus, the IRS's attempt to tax the stock's full value failed (Est. of Black, 133 TC No. 15).

Estate Tax Deductions:

The IRS is tightening the rules on deducting claims against estates. Deductions are allowed for claims over \$500,000 only when the claims are paid. This applies to estates of people who died after Oct. 19, 2009. Smaller claims can still be deducted on the Form 706 before they are paid. Larger claims that are paid after filing the 706 can be deducted on amended returns. If a claim won't be settled until after the end of the three-year period for amending the return, the executor can file a protective refund claim with the IRS that can be settled when the claim is paid.

Asset Protection Planning With Life Insurance:

In a recent case the Fourth District Court held that the cash surrender value of a life insurance policy was exempt from garnishment under Florida Statute section - 222.14 even when that policy was converted to purchase a certificate of deposit,

Our lawyers are not only skilled at handling cases involving estate and trust disputes, they draw on a thorough knowledge base of the specific procedures surrounding these issues. The Andersen Firm can efficiently take each case through to completion realizing that full blown litigation often can be avoided if we work diligently to come to resolution.

Probate:

If the circumstances surrounding a client's estate require probate, or if a client comes to us in need of probate assistance, our attorneys offer extensive experience in handling the processes and legalities involved.

Asset Protection:

For some, putting an Asset Protection Plan in place is advisable in order to attempt to remove the economic incentive to be sued and also to try and increase the ability to force an early settlement in the event a suit is filed.

MAIL AWAY ESTATE PLANS:

If a client is in another state, unable to travel, on vacation, a snowbird or any other situation that would prevent them from meeting in with an attorney in person; The Andersen Firm attorneys are able to design, draft and execute estate planning via telephone conference and mail away documents.

which is a non-protected asset. This CD was protected because it was NOT comingled with other non-protected assets. This transfer was done in the context of financial and estate planning.

Global Wealth Down 11.7%:

A report by The Boston Consulting Group found that globally \$12.3 trillion in assets under management were erased from 2007 to year-end 2008.

North America experienced the sharpest down-turn, losing 21.8% of its wealth in 2008. Europe saw a 5.8% decline in wealth. Latin America grew by 3% and was the only region to see an increase. I have yet to find anyone in the financial field who is not elated that 2009 is behind us.

IRS Creates High Wealth Enforcement Unit:

In a very scary move the IRS has formed a specialized enforcement unit called the Global High Wealth Industry Group specifically tasked to focus on the US's wealthiest citizens. The day-to-day activities of this group will be to comb through estate tax returns, trusts, partnerships, offshore trusts and other tax avoidance / reduction techniques looking for tax cheats.

The global economic downturn and recent revelations of offshore tax havens has put pressure on the IRS to find and prosecute tax cheats.

18 Years Old = Sui Juris:

On the day a person turns 18 they are legally an adult. What this means in the estate planning context is that their parents can no longer have access to their medical records, represent their interests in court, file an income tax return for them or make other health care or financial decisions for them in the event they are incapacitated.

Although 18 year olds may not monetarily have an estate to plan for, it is important for all adults to have health care directives, living wills and other documents in place in order to avoid time consuming and costly guardianship proceedings and other court dealings.

Attorney Chantal Hook Joins The Andersen Firm:

Estate and Trust Attorney Chantal Hook has joined The Andersen Firm's South Florida Office. Chantal brings more than 10 years experience in estate planning, probate, estate settlement, real-estate law and related areas.

Chantal earned her J.D. from the University of Florida in 1997 where she received the James G. Pressly, Jr. Book award in Estates and Trusts.

Chantal speaks and writes French fluently and will be a valued addition to The Andersen Firm's estate planning practice

The Andersen Firm's Hosts Lefty Kreh Event:

We wanted to find a special way to thank our many friends, clients and business partners for a great 2009.

If you have never fly fished but want to learn this is a perfect opportunity for you. If you are an experienced fly fisher and want to polish your skills and learn from the best this is the chance of a life time.

Dates, times and locations:

Feb. 20, 2010

IGFA Hall of Fame
300 Gulf Stream Way
Dania Beach, FL 33004

May 8, 2010

Key West Yacht Club
2315 N. Roosevelt Blvd.
Key West, FL 33040

Aug. 14, 2010

Sarasota Yacht Club
1100 John Ringling Blvd.
Sarasota, FL 34236

Oct. 2, 2010

Possum Creek Retreat
1509 Bullock Hollow Rd.
Bristol, TN 37620

Please **RSVP** to Pat Unferth Bowman at **866-230-2206** as **Space is Limited.**

Financial Advisors should feel free to bring clients / prospects.

**To arrange for a complementary estate plan review call
Pat Unferth at: 866-230-2206**

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