

CHICAGO, November 30, 2010
FOR IMMEDIATE RELEASE:

December Section 7520 Rate Reduced to Historic Low

With the release of Revenue Ruling 2010-29, the IRS has reduced the interest rate used to value certain split-interest trusts created in December, 2010 to 1.80%, an all-time low. This rate is 0.2% lower than that designated for October and November of this year.

"Families wishing to transfer income producing assets to younger generations, or to charitable organizations, have a historic opportunity to do so with little, to no, gift tax consequences," according to Gregory Frezados, a partner with the Advanced Planning and Family Office Practice Group of Handler Thayer, LLP.

In addition, the uncertainty of upcoming Congressional action before the scheduled reinstatement of the federal estate tax on January 1, 2011 has caused many families and individuals to consider various types of such gift strategies, including outright gifts and gifts leveraged by trusts, such as grantor retained annuity trusts ("GRATs") and charitable lead annuity trusts ("CLATs").

GRATs can maximize the use of tax free or minimally taxed transfers of wealth to children and descendants while at the same time providing the grantor with a stream of income for a term of years. CLATs can benefit a family's favorite charities with annual payments for a term of years and provide the grantor with an immediate charitable deduction from income tax, while passing assets to children and descendants upon the termination of the trust.

GRATs and CLATs are based on a simple ratio assumption. The greater that the income and appreciation generated by the assets transferred into the split interest trust exceeds the applicable federal rate, the more wealth that can be transferred to children and descendants at the termination of the trust.

About Handler Thayer, LLP

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