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The Law Office of Bruce Kiselstein, Ltd.

NEWSLETTER

Trusts, Estates, Taxes & Asset Protection - A Problem Solving Law Firm

What Do The Provisions of The New Tax Law (ATRA) Mean To YOU?

As you now know, the "Fiscal Cliff" was averted by passage of an extremely last minute tax bill known as the American Taxpayer Relief Act (ATRA). It undoubtedly gives tax relief to some and not to others. These are the most important provisions:

- 1) The federal estate tax exclusion was made permanent at \$5 million per person indexed each year (\$5.25 million in 2013 and \$5.125 million in 2012);
- 2) The lifetime gift tax exclusion was also made permanent and now matches the federal estate tax exclusion (you don't get to combine both...if you use your \$5.25 million lifetime gift tax exclusion, you will exhaust your estate tax exclusion);
- 3) The estate tax rate on estates above \$5.25 million has been increased from 35% to 40%;
- 4) As an interesting bonus, Illinois, the State that is financially broke and is cutting all of its programs to shreds, increased its estate tax credit to \$4 million per person (not part of ATRA);
- 5) Generation Skipping Transfer (GST) exemption was made permanent and now matches the Federal estate tax exclusion amount;
- 6) Portability is now permanent... the unused portion of the deceased spouse's federal estate tax exclusion passes ("ports") to the surviving spouse at his or her death allowing the 2nd spouse to maximize both spouses' exclusion amounts (not without meeting some rigid and tricky rules, including the costly preparation of a 40+ page federal estate tax return - Form 706). Portability does not apply to the Illinois estate tax;
- 7) A Medicare surtax is charged on earned income and on "unearned" income (dividends, capital gains, and rents);
- 8) The "payroll tax holiday" has ended on your paychecks and an additional 2% is now being deducted;
- 9) Alternative Minimum Tax "patch" (tax relief) has been created by increasing the income threshold; and
- 10) Long Term Capital Gains and Qualified Dividend rates have increased.

Big Discounts on Fees For Family

We want your children and your brothers and sisters to join our "family" of clients. Certainly, if they have children, they should have a Will and if they own their own home they should have a Trust. They need to protect their families from Probate and create a protective distribution plan for their children in the event something happens to them. They should also have Powers of Attorney for Health and Property. They need these Powers to manage healthcare and financial planning in the event of their disability and without the intervention of the Guardianship Court. We have always provided a 10% discount to family members, however, **if you refer a family member to our office for any estate planning services before April 30, 2013, we will provide them with a 15% discount off our flat fee schedule of services.** Better yet, if they attend our dinner seminar in May, they get a ***free dinner***, 2 hours of legal education and a \$500 coupon for our PAT Trust or \$200 coupon for our standard Trust (we'll give them the greater of the coupon or the 15% discount, but not both). **Upcoming seminar is on May 15, 2013, at the Palm Court Restaurant in Arlington Heights, Illinois. Call before April 30, 2013, to reserve seats.**

**HOW DOES ALL OF THIS AFFECT YOU?
DO YOU WANT TO KNOW THE DETAILS?**

Then See Next Page.....

2013 Tax and Other Rates

TAX OR EXEMPTION	AMOUNT	CONTRIBUTION LIMITS	AMOUNT
Annual Gift Exclusion	\$5,250,000.00 per person	401(k), 403 (b) & 457 Plan Annual Contribution Limit	\$17,500.00
Federal Estate Tax Exclusion Amount	\$5,250,000.00 per person	401(k), 403(b), and 457 Plan Over age 50 "Catch-Up" Extra Contribution Limit	\$5,500.00
Illinois Estate Tax Credit	\$4,000,000.00 per person	Roth IRA/IRA Annual Contribution Limit	\$5,500.00
Estate Tax Rate - Federal	40% on excess above \$5,250,000.00	IRA & Roth IRA Over Age 50 "Catch-Up" Extra Contribution Limit	\$1,000.00
Income Tax Rate on Irrevocable Trusts	39.6% on income over \$11,950.00	Maximum Contribution to Health Savings Accounts (HSA's)	\$3250 for singles and \$6450 for families

PRIVATE CLIENT UPDATE SEMINAR

We are holding two (2) client update Seminars for our clients and their guests (not open to the public). We invite you and two guests to learn about the newly passed ATRA tax law, how it affects you, new estate planning techniques, and changes in the Illinois Law. We'll cover the following:

- 1) *With the new \$5.25 million Federal and \$4 million Illinois per person Estate Tax Credits, do you still need separate husband/wife Trusts?*
- 2) *The new Illinois "Virtual Representation" statute may allow you to close down your late spouse's second Trust and merge it into your Trust without adverse tax consequences. You may avoid double tax returns and double financial statements and record-keeping.*
- 3) *Learn how your Trust can distribute your children's inheritances to them while "bulletproofing" those inherited monies from divorces, lawsuits, hospital bills, other creditors, and even a Bankruptcy.*
- 4) *Would you like a guarantee that the money that you leave to your children, will pass down to your grandchildren and not to in-laws or other persons outside of your family?*
- 5) *Does the new Medicaid surtax affect your ordinary, investment, or rental income?*
- 6) *Does the new higher tax rate on capital gains and ordinary dividends affect you?*
- 7) *How you can take advantage of a quick and inexpensive (cheap) way to make your primary residence creditor-proof under a new Illinois law.*
- 8) *How you can maximize the "stretch-out" of IRA payments to your children after your death, over their life expectancies, rather than a 5-year "blow-out", "bulletproof" those payments, and turn your retirement plan into their retirement plan, after you're gone.*

April 25, 2013 at 7:00 p.m. - Holiday Inn-Rolling Meadows, 3404 Algonquin Road
April 27, 2013 at 10:00 a.m. - Holiday Inn-Mt. Prospect, 200 East Rand Road

Both Seminars Will Be 90 Minute "Power Point" Slide Presentations.
 All Persons Who Attend Will Be Offered a **FREE** Consultation.
 Refreshments Will Be Served.

SEATING IS LIMITED AND WILL FILL UP QUICKLY

Please RSVP no later than April 15, 2013
CALL 847-670-8200 TODAY

We Want Your E-Mail Address!

Please e-mail us at kzkoenig@sbcglobal.net and give us your e-mail address. We would like to be able to send you tax and estate planning updates, give you current information, answer your questions, and tell you about special events. It is difficult to do that more than once or twice per year because we must print and mail thousands of these newsletters. We can provide you information more often, more efficiently, and at much lower cost, if we have your **current** e-mail address. For those of you who don't use e-mail, don't worry. We will still send you our regular newsletter, however, we'll only be mailing it once per year.

CPA's Are Members Of Your "Team"

Your CPA, financial advisor, and insurance agent are all valuable members of your Estate Planning Team. We work together to make your plan work more efficiently in accomplishing your objectives and goals. In January, we lost one of **our** team members, CPA, Gary St. Pierre, when he merged his practice and moved out of our building after 13 years. Gary merged with the accounting firm of Michael Silver & Co. in Skokie. He will be happy to remain a member of your "team" and continue handling your income tax service. We have received, however, many calls asking us for a referral to a CPA firm that is closer to our office. We highly recommend the accounting firm of Cappuccitti, Pawlowicz Accounting Services, Ltd. (CPA, Ltd.). We have personally worked with CPA, Ltd., for over 18 years and they are located five blocks from our office at 454 E. Northwest Highway, in Des Plaines, between the Latoff YMCA and the Honda Motorcycle Dealer. They have expertise in the preparation of your personal and Trust tax returns and can be reached at 847-813-6421.

Making Tax-Free Gifts

Under federal law, since January 1, 2013, you can give up to \$14,000 to as many people as you want each year. This is a great way to reduce the size of your estate (and reduce estate taxes) over time. If you give \$14,000 to your two children and three grandchildren, you would remove \$70,000 from your estate in just one year and \$350,000 over five years (if you are married, you can double these amounts). This can be done each year without filing a Gift Tax return. It will also put big smiles on your children's and grandchildren's faces. Charitable gifts are unlimited and so are gifts for tuition and medical expenses as long as you pay them directly to the institution.

Estate and Trust Check-Up

- | | |
|---|---|
| <input type="checkbox"/> Assets substantially increased/decreased | <input type="checkbox"/> Became a widow/widower |
| <input type="checkbox"/> Lost a family member named in Will/Trust | <input type="checkbox"/> Divorced, married, or remarried |
| <input type="checkbox"/> Additional children/grandchildren born/adopted | <input type="checkbox"/> Inherited money |
| <input type="checkbox"/> Purchased home or investment property | <input type="checkbox"/> Retired |
| <input type="checkbox"/> Changed beneficiaries on IRA or insurance | <input type="checkbox"/> Not reviewed the performance of the policy in your Irrevocable Life Insurance Trust (ILIT) |

If you've checked more than 2 boxes, please call us NOW
at 847-670-8200. Your Estate Plan could be in danger.

LAW OFFICES OF BRUCE KISELSTEIN, LTD.

930 East Northwest Highway
Mount Prospect, IL 60056

*“Trusts, Estates, Taxes and Asset Protection....
A Problem Solving Law Firm”*



Semi-Annual Newsletter
New Federal and State Tax Law
Information Enclosed

Will Your Successor Trustee Know What To Do
If You Are Disabled Or Deceased?

If you have named your spouse, children, relatives, or friends to be your “Successor Trustee” of your Trust in the event you are disabled or when you pass away, they probably have no idea of what to do! After all, they have probably never served as a Trustee before! Unfortunately, what they don’t know, could cost your family tens or even hundreds of thousands of dollars! Even worse, if your Successor Trustee fails to handle certain tasks promptly and correctly, he or she may be liable for damages to the Trust beneficiaries. The number of cases where siblings are suing siblings, that we have seen over the past few years, is both sad and frightening.

For example, ask yourself, does my Successor Trustee know how to: 1) determine the duties owed to my beneficiaries; 2) properly carry out those duties; 3) work harmoniously with the beneficiaries to avoid conflict; 4) resolve disputes that might arise; 5) provide proof of his/her authority to act; 6) gain access to my trust funds immediately; 7) deal with creditors and bills; 8) determine the value of my assets; 9) distribute the right assets at the right times; 10) defend the Trust against contests; 11) avoid liability for conflict of interest; 12) set up proper accounting procedures; 13) get properly paid for their services and get reimbursed for expenses; and 14) avoid other *pitfalls for the unwary* that could expose them to liability.

We’ve come up with an idea that could solve most of these problems... an educational seminar *for you and your Successor Trustee*. If you have an interest in attending such a seminar with your Successor Trustee, to educate them about what their future duties will be, please call us at 847-670-8200 and give us your name. If enough clients show an interest, we’ll set up a free seminar on a Saturday morning in May and call you back with the details.