



When it comes to the subject of estate planning, there are few professionals who have both the knowledge and experience of Roy M. Adams. For some 30 years, Roy has advised wealthy families on state and tax planning matters, and he has also taught and counseled many professionals in these same areas. Roy is a senior member of the faculty at Cannon Financial Institute, Inc.

WHY THIS Book?

Roy wanted to write a new book that reflects a modern approach to estate planning, and he has certainly done so. His new book will provide every professional with all that is needed to confidently advise customers and clients. This book will also be updated annually in its entirety, so there are no annoying supplements to insert or worry about.

21st Century Estate Planning contains:

- * Detailed analysis of the estate and gift tax laws
- * Numerous planning strategies
- * Many examples and planning points
- * Ethical considerations for estate planners
- * Updated to reflect law in 2006

Example:

VII. ANNUAL EXCLUSION GIFT PLANNING

A. Introduction

Generally, the gift tax and GST tax annual exclusions permit an individual to give an amount equal to the annual exclusion (\$11,000 in 2005) per donee without incurring any gift tax or GST tax liability, provided that the gift is of a present interest. A married donor can annually give up to double that amount (\$22,000 for 2005) per donee if the donor's spouse agrees to apply his or her annual exclusion amount by gift-splitting. The requirements of annual exclusion gifts are discussed in detail in the federal gift tax chapter.

Although the annual exclusion amount may seem insignificant, a lifetime giving program that takes advantage of the gift tax and GST tax annual exclusions over a period of years can significantly reduce the donor's transfer tax liability.

This chapter discusses the following topics related to annual exclusion gift planning:

- Benefits of annual exclusion gifts.
- Annual exclusion gifts to custodial accounts.
- Annual exclusion gifts in trust (*i.e.*, IRC § 2503(c) minor's trusts and *Crummey* trusts).

B. Benefits of Annual Exclusion Gifts

1. Federal Transfer Tax Savings

The use of annual exclusion gifts can result in considerable federal transfer tax savings.

a. Generally. Generally, annual exclusion gifts are not subject to gift tax or GST tax. In addition, because the donor's annual exclusion is applied to a gift before the donor's applicable exclusion amount, annual exclusion gifts do not use up any portion of the donor's applicable exclusion amount. Accordingly, over a period of time, a planned giving program using annual exclusion gifts can remove a significant amount of property from the donor's gross estate without incurring any transfer tax or using up any portion of the donor's applicable exclusion amount. In addition, any future appreciation and income generated by the transferred property is also removed from the donor's gross estate, further reducing the donor's estate tax liability.