

## Important Information for Clermont Wealth Strategies Clients

# ESTATE TAX UPDATE

On December 17, 2010, President Obama signed the **Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010** into law. That Act contained numerous modifications and extensions of tax incentives, including various provisions regarding the federal transfer tax system (which includes gift, generation skipping, and estate taxes). The chart below summarizes the tax ramifications of that Act on the federal transfer tax system (and provides a review of where we have been):

Year	Estate Tax Exclusion Per Person	Lifetime Gift Tax Exclusion Per Person	Generation Skipping Transfer Tax Exemption Per Person	Maximum Estate Tax Rate
2008	\$2,000,000	\$1,000,000	\$2,000,000	45%
2009	\$3,500,000	\$1,000,000	\$3,500,000	45%
2010	\$5,000,000	\$1,000,000 / 35%	\$5,000,000 / 0%	0% GST Rate 35% Estate & Gift Tax Rate
2010 Alternate Option	Repeal-No Estate Tax Modified carryover basis	\$1,000,000 / 35%	\$5,000,000 / 0%	0% Estate & GST Rate 35% Gift Tax Rate
2011	\$5,000,000	\$5,000,000	\$5,000,000	35%
2012	\$5,000,000 (Indexed for Inflation)	\$5,000,000 (Indexed for Inflation)	\$5,000,000 (Indexed for Inflation)	35%
2013	\$1,000,000	\$1,000,000	\$1,000,000 (Indexed for Inflation)	55%

By way of background, the federal transfer tax system has been in an ever-changing state of flux for the past several years. The most recent changes provide for stability in transfer taxes for only 2 years. The changes will sunset at the end of 2012 and leave us with the law as it was prior to 2001, the consequences of which are set forth in the chart above for the year 2013. However, it is entirely possible that changes will be made prior to the sunset, which leaves us working with an unknown future for the federal transfer tax system.

What does this mean for you? There are many opportunities that 2011 and 2012 will bring for estate and financial planning. You should review your current estate and financial plan with your Clermont Wealth Strategies advisor to determine what opportunities are relevant to you.

At Clermont Wealth Strategies we will continue to monitor any action (or inaction) taken by Congress on this issue. Please contact your Relationship Manager for further information or to review your estate or financial plan.

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