



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

2010 Estate Tax Update

EDWARDSVILLE, IL, January 14, 2010 -- In 2001, Congress passed the Economic Growth and Tax Relief Reconciliation Act ("EGTRRA"). Among other things, the Act (a) provided phased increases to the federal estate tax exemption amount from \$675,000 in 2001 to \$3,500,000 in 2009, (b) reduced maximum federal estate tax rates over time from 55% to 45%, (c) maintained a \$1,000,000 federal gift tax exemption amount from 2001 through the end of 2010, (d) eliminated the federal estate and generation-skipping transfer ("GST") taxes, (e) provided new modified carry-over basis rules, and (f) reduced the gift tax rates to 35% for 2010.

EGTRRA is scheduled to expire (or "sunset") on December 31, 2010. At that time, the previous federal estate and GST tax laws will become effective.

In 2011, as the tax laws are currently written, the federal estate and gift tax exemption amount will be \$1,000,000, the GST exemption amount (indexed for inflation) will be about \$1,350,000, and the federal estate and gift tax rates will have a maximum rate of 55% (with an additional 5% surcharge in certain circumstances).

Vicki Rolens, managing director for the Federation of American Consumers and Travelers (FACT), urges people to consult with a qualified accountant and/or tax attorney on this matter. She says, "It is very difficult, if not impossible, to draft estate planning documents when the federal estate tax exemption amounts are constantly and dramatically changing. These amounts go from \$3,500,000 in 2009 to \$0 in 2010 and then to \$1,000,000 in 2011 ... and who knows what might happen after that!"

Rolens adds that this has apparently become another "politics as usual" issue in Washington. "Many in Congress have pushed to extend EGTRRA and its advantages beyond the initial ten-year period, but have been unable to muster enough votes to make that happen."

This news bulletin has been issued by The Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#) and [scholarships](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.