

KATZ BASKIES LLC

TRUSTS & ESTATES, TAX & BUSINESS LAW

November 20, 2014

Client

RE: Estate Tax Portability

Dear Client:

We hope all is well. As 2014 rapidly comes to a close, we wanted to take this opportunity to remind you that the deadline for making an Estate Tax Portability Election (for estates of decedents dying between January 1, 2011 and December 31, 2013) is quickly approaching.

In 2010, Congress passed and President Obama signed The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the "Act"). The Act increased the estate and gift tax exemption amount to \$5 million, which is indexed for inflation. In 2014 it is \$5.34 million. The Act also contains a "portability" provision. With portability, if the first spouse to die does not fully utilize his or her entire \$5 million estate tax exemption, then the unused portion may be passed to the surviving spouse. However, in order to pass the unused exemption to the surviving spouse, the estate of the first deceased spouse is required to timely file a federal estate tax return (IRS Form 706) and elect portability.

While the time to file the federal estate tax return is generally 9 months after the death of an individual, the IRS (in Revenue Procedure 2014-18) recently provided retroactive relief for those who have not previously elected portability for estates of decedents dying in the years 2011-2013. In order to elect portability, the Personal Representative of the Estate must file an estate tax return and elect portability, and any such retroactive election must be filed **on or before December 31, 2014**.

This letter is a reminder that if you wish to elect portability for the estate of a predeceased spouse (dying in the years 2011-2013), such election must be properly made prior to December 31, 2014. If you would like to discuss the matter further with us, please call the office as soon as possible. This letter will be the only and final notice from us on this matter.

We wish you a healthy and happy holiday season.

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