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Obama Administration's 2016 Budget Proposal

You may have seen references to President Obama's 2016 budget proposals and how they might affect your gifting and estate planning opportunities. Given that Congressional Republicans, who now control both the House and the Senate, oppose these measures, it appears highly unlikely that any of the President's proposals will be enacted this year. But as the debate over tax policy and "tax fairness" continues into next year's election cycle, we thought you might be interested in some of the points of contention:

- Reduce the gift tax exemption from its current level of \$5.43 million to \$1 million
- Reduce the estate tax exemption from its current level of \$5.43 million to \$3.5 million
- Increase the estate tax rate from its current level of 40 percent to 45 percent
- Limit the benefits of "Dynasty Trusts"
- Limit the benefits of Grantor Retained Annuity Trusts
- Eliminate the provision of current law that allows for a "step up" in the tax basis of most inherited assets to their fair market value as of the date of the decedent's death

While it seems unlikely that these proposals will become law, we think it's important for our clients to be aware of them. Should you have questions about the proposals or about any aspect of your estate planning, we would welcome your call.

This publication is a summary of legal principles. Nothing in this article constitutes legal advice, which can only be obtained as a result of a personal consultation with an attorney. The information published here is believed accurate at the time of publication, but is subject to change and does not purport to be a complete statement of all relevant issues.

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