



Volume 2 | Issue 2 | March 11, 2009

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Quote of the Day

"There are two things you don't want to see being made: sausage and legislation." --Otto von Bismark

Points to Ponder

If you're an entrepreneur and your children are not, you might consider this perspective, "The children of pioneers are frequently settlers."

Looking Ahead

Have you ever had a tax or legal issue you wanted to address with your attorney, but did not because of legal fees? We understand this concern. This is why we've developed Client-Link, a process uniquely designed to provide clients with ongoing access to our legal experts without

Bill May Provide Certainty, But End Important Planning Option

With the Obama administration assuming responsibilities in Washington D.C., most practitioners are in agreement that major tax law changes are on the horizon. In fact, a new bill was just recently introduced in the U.S. House of Representatives that will likely have a significant impact on estate planning, both now and in the future.

If passed into law, this new bill would make the current \$3.5 million federal estate tax exemption permanent for all future years. It would also permanently freeze the estate tax rate at 45%. While these same amounts and rates are in effect for 2009, under current law they are set to expire at the end of this year.

The bill also contains other provisions that will undoubtedly impact estate planning as well. For example, the bill would disallow valuation discounts for certain transfers of interests in entities (such as limited partnerships, limited liability companies and corporations) to family members. This would eliminate a common and highly-effective method of gift and estate tax reduction. Under this method, an individual would typically own interests in an entity, such as a limited partnership or limited liability company, that would own certain assets formerly held in the individual's personal name. With proper planning, the individual could transfer ownership interests in the entity to his or her children and those interests would be valued at an amount far less than the value of the assets held in the entity. In many instances, the valuation discounts obtained through this method of planning resulted in substantial gift and estate tax savings.

Just like any bill introduced in the U.S. Congress, its

incurring hourly legal bills. A future issue of the DWS Connection will explain this process.

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final wording, as well as the certainty of its passage, is yet unknown. However, it does appear that the bill, if passed into law, is unlikely to take effect prior to January 1, 2010. That means there may still be a window of opportunity to utilize an entity as a means of obtaining valuation discounts for gifts and sales of property to children, or even grandchildren.

Please contact our Firm to schedule a consultation if you would like to explore this opportunity further.

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DISCLAIMER: The article presented in this newsletter is not a complete discussion of all legal issues. Because recommendations will vary in every situation, please request a personal legal consultation.

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