



# **Pioneer Bank & Trust**

## **Trust & Investments**

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### **Ask a trust officer: Charitable trusts**

DEAR TRUST OFFICER:

I heard that the federal estate tax might be repealed?

—TAX TARGET

DEAR TARGET:

Probably not this year.

True, the House of Representatives has passed an outright repeal of the federal estate tax and the federal generation-skipping transfer tax. The repeal would take effect upon enactment. The legislation preserves the federal gift tax, apparently to limit the ability of wealthy families from shifting assets within the family to reduce income taxes.

There are two major obstacles to this legislation. The first is the Senate. There are probably enough votes to repeal the estate tax, but probably not enough to overcome a filibuster by the Democrats. Even if that hurdle is cleared, a Presidential veto seems likely. President Obama consistently has advocated higher estate taxes, not lower. He has proposed a return to the 2009 estate tax rules, with just a \$3.5 million exemption.

For the foreseeable future, you most likely will have to plan for today's \$5.43 million exemption. There are strategies for leveraging that exemption into greater tax protection for the family fortune, which we would be pleased to share with you.

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