DEADLINE FOR ESTATE TAX PLANNING OPPORTUNITY

We are at the threshold of major tax changes scheduled to occur on January 1, 2013. This creates opportunities for planning now.

The current estate and gift tax laws are due to sunset (expire) on December 31, 2012, creating opportunities for those who are willing to take advantage of strategies by the end of the year.

The bad news is estate and gift tax rates are set to go up, while the amounts protected (exempt) from these taxes are scheduled to go down.

	Current 2012	Sunset 2013
Estate Tax Exemption/Rate	$5.12M / 35%	$1M / 55%
Gift Tax Exemption/Rate	$5.12M / 35%	$1M / 55%
GST Exemption/Rate	$5.12M / 35%	$1.4M / 55%

The good news is that there are several strategies available to help offset this tax increase, but they must be completed by December 31, 2012.

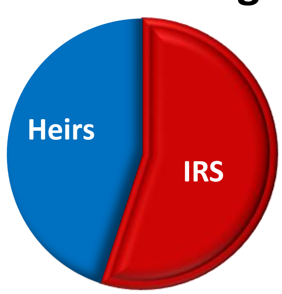
Summary of Changes Scheduled for January 1, 2013:

- The ability to make lifetime gifts totaling $5.12 million scheduled to expire and be reduced to $1 million.
- The amount of wealth exempt from estate taxation at death is scheduled to be reduced from its current level of $5.12 million to the $1 million level.
- Estate tax rates on excess amounts are set to increase from a current level of 35% to as much as 55%.

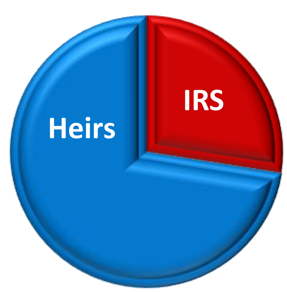
What can be done?

Assets can be shifted outside of your estate, while maintaining a level of access, if certain techniques are implemented. What is significant for the balance of 2012 is that a lifetime total of $5.12 million can be gifted, which is scheduled to decrease to $1 million in 2013. Strategies can be implemented to reduce the amount of wealth going to the IRS, while increasing the amount going to your heirs.

No Planning



Shifting Assets



Assumes $10 million estate, single person, shifting $5 million assets outside of the estate or not, and death after 2013 under current law. This example is for illustrative purposes only. Individual planning situations will vary.

Next Steps

- The New York Life Advanced Planning Group, in conjunction with your New York Life agent, can help you through the learning and discovery process regarding strategies that may be relevant to your situation.
- This can begin with a phone conference with you, your agent, and an Advanced Planning Consultant to determine how you wish to proceed.

Advanced Planning Group

Your New York Life Agent in conjunction with an Advanced Planning Consultant can support you in the educational process of crystallizing your objectives and educating you on techniques that may be well suited for you.

The Advanced Planning Group consists of professionals with credentials in the law, tax and other areas available to you through your agent for a consultation without obligation. While Advanced Planning Group professionals do not practice law or give tax advice, they are available to educate you and work with your attorney and other advisors as you select and implement the strategies most suitable to meet your objectives.

"The Clock Is Ticking"

Under current federal law the tax increases are scheduled to come January 1, along with the lowered gifting level.

Many believe the ability to "shift" $5.12 million gift tax free may not soon return. While there is no way to be certain what Congress will do, you have a window of opportunity to explore your options at this time.

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The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act ("the Act") was enacted on December 17, 2010. For 2011 and 2012, the Act provides for a $5 million federal gift, estate and generation-skipping transfer tax exemption amount (indexed for inflation starting in 2012) and a top gift, estate and GST tax rate of 35%. On January 1, 2013, a $1 million federal gift estate and GST exemption amount and a maximum gift, estate and GST tax rate of 55% is scheduled to go in effect. These considerations apply only to the federal transfer taxes. Any state level estate or inheritance tax should be evaluated separately.

A potential "claw back" situation may arise because the federal estate tax calculation is based on a system where the estate tax exemption has always been equal to or greater than the gift tax exemption. Some commentators are concerned that if the estate tax exemption decreases to $1 Million at the time of an individual's death, any lifetime gifts made in excess of that amount will be "clawed back" into the estate and subject to estate tax. Others believe that the clawback would only apply to the value of taxable gifts equal to the exemption in effect at the transferor's death. Under this assumption, the clawback would only be problematic if the estate tax rate in effect at the time of death is greater than the gift tax rate at the time the gift was made. Whether claw back is a real concern is unknown. If the "claw back" applies, lifetime gifts continue to be significant in that all appreciation on the gifted asset is removed from the taxable estate; and, if "claw back" doesn't materialize, lifetime gifts will have reduced the overall estate and the resulting estate tax liability. Bates #00489140 CV (exp 12/31/2012)

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