

CHARLES H. STARK, P. A.

ATTORNEY AT LAW

SUITE 2-A

312 NORTH PARK AVENUE

WINTER PARK, FLORIDA

32789

CHARLES H. STARK

E-MAIL CHSTARK@BELLSOUTH.NET

TELEPHONE (407) 788-0250

FACSIMILE (407) 788-7244

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## NEWSLETTER

*Many clients have a reason to revise their estate plans prior to January, 2011.* In 2002 the amount that could pass estate tax free was \$1 Million per decedent. This estate tax free amount in 2002 was gradually increased until the current year, when a decedent can leave unlimited assets to heirs without estate taxes.

*Effective January 2, 2011, the amount that can pass estate tax free per decedent reverts back to only \$1 Million and the maximum estate tax rate is fifty-five percent (55%).* This will affect all single clients with assets of more than \$1 Million and married couples with combined assets in excess of \$2 Million.

The ability of Congress to pass estate tax legislation is very suspect, as their record has proven. Unless Congress passes tax legislation that it has failed to pass since 2002, the \$1 Million estate tax exemption will automatically go into effect January 1, 2011. **That is, no further action is needed by Congress for your estate taxes to increase next year.**

With that in mind, please take this increase in your estate taxes very seriously. I would suggest that if the value of your net assets (assets minus debts) exceeds the thresholds described above, you should schedule an appointment to discuss the various options that you have for reducing your estate taxes. The best strategies for you will depend upon numerous factors, for instance, your age, the value of your estate, your health, the type of assets that you own, etc.

For example, the use of a Qualified Personal Residence Trust may be appropriate if the value of your home is creating a potential estate tax issue. Possibly the use of limited liability companies can reduce the value of your estate merely because we can change the type of asset owned by you and achieve valuation discounts for estate tax purposes. You may want to consider a gifting program, or you may have charitable desires. There are many different approaches to consider for estate tax reduction, and many of them can be implemented without overly complicating your financial life.

The point of this Newsletter is to place the burden on you to schedule a follow-up appointment to discuss your estate tax issues in time so that any estate planning work required can

be accomplished before January 1, 2011. Please schedule your appointment as soon as possible if the value of your estate exceeds the January 1, 2011 estate tax exemption amounts.

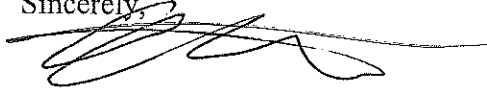
*In addition to the future increase in your estate taxes, significant legal issue that I am addressing with many clients is protection of their assets from their creditors.* With proper structuring of your assets, you can substantially minimize the assets available to your creditors. These creditors may be legitimate creditors, such as mortgage lenders for properties "under water." You should also protect your assets from creditors who are merely desperate to try and extract money from you because of their hard times, such as creditors who incur accidents around your home, cars, boats, planes; jet skis, etc.

How you structure your assets and businesses is very important if creditors sue you, and those rules are always changing. For example, a June 24, 2010 Florida Supreme Court decision (Olmstead v. FTC) now allows creditors of the owner of a single member limited liability company to reach the company's assets. That case could also be argued in Florida in multiple company member cases. **This case calls into question the creditor protection value of Florida limited liability companies.**

*Please do not underestimate the damage creditors can do to your financial life. Please schedule an appointment to discuss those matters if you feel they may apply to you.*

I look forward to hearing from you regarding your estate tax and creditor concerns.

Sincerely,



Charles H. Stark

CHS/db