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TO: CLIENTS AND THEIR ADVISORS

RE: 2016 ESTATE AND GIFT TAX PLANNING LIMITS

The following is a Desk Reference Summary of the most relevant 2016 annual estate and gift tax planning limits and how they compare with the limits for 2014 and 2015, as a result of these limits being indexed for annual cost of living adjustments:

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|
| Applicable Exclusion Amount for Estate & Gift Tax | \$5,340,000 | \$5,430,000 | \$5,450,000 |
| Estate and Gift Tax Rates | 40% | 40% | 40% |
| Annual Gift Exclusion Amount | 14,000 | 14,000 | 14,000 |
| Exemption Amount of Gifts to a Non-US Citizen Spouse | 145,000 | 147,000 | 148,000 |
| Generation Skipping Tax Exemption Amount | 5,340,000 | 5,430,000 | 5,450,000 |
| 2% Interest Limitation Amount on § 6166 IRC Estate Tax Installment Payments | 1,450,000 | 1,470,000 | 1,480,000 |
| Nonresident Estate Tax Exemption | 60,000 | 60,000 | 60,000 |
| New York State Estate Tax Exclusion Amount | 2,062,500 | 3,125,000 | 4,187,500* |

****Effective April 1, 2016 – March 31, 2017. The New York Estate Exclusion Amount is phased down to \$0 when the taxable estate exceeds \$4,396,875. The New York Estate Exclusion Amount will increase to \$5,250,000 on April 1, 2017 but is phased down to \$0 when the taxable estate exceeds \$5,512,500.***

Our office is available to assist you or your clients in exploring these and other sophisticated gift and estate tax planning opportunities including family limited partnerships, qualified personal residence trusts and charitable scenarios which will assist in the preservation of wealth for future generations. Our other areas of specialization include real estate, tax dispute resolution, business and employment law representation and retirement planning issues.