

---

---

*Sherwood Investment Services*  
Financial Planning & Investment Management

Eric Linger, RIA  
Registered Investment Advisor

425-898-8989  
Sherwood-Investments.com  
elinger@Sherwood-Investments.com

23705 NE 61st Street  
Redmond, WA 98053

*The Savvy Investor*  
**Give Away \$5 Million**

### **Why Gift Assets?**

The estate tax rate, sometimes called the death tax, was reduced from the top rates of 55% to 35% for 2011 and 2012; and the exemption amount was increased from \$1 to \$5 million. For every penny you have over five million dollars at death, the government will tax your estate at 35%.

So how do you avoid estate taxes?

**Rather than waiting until you die to use your \$5 million exemption, you can use all or part of it now.** By gifting up to five million dollars of assets today, you can use your unified tax credit exemption and give it away *tax free*. If you don't gift the assets and they increase in value before you die, your heirs have an even bigger estate tax problem.

### **Control the Gift With a Trust**

**You don't have to give up control of the five million dollars worth of assets you gift.** The gift can be made in the form of a trust which you or your spouse can tap into if

needed. Depending on how the trust is set up, you can even be the trustee and control the assets and their disposition. **You do not need to give up control. However, it is essential that you work with an experienced estate attorney.**

### **Why Setup a Trust Now?**

**The original amount placed in the trust and all future growth of the assets in the trust is free of estate taxes.** For example, if you were to gift \$1 million and it grows to \$2.5 million, the entire \$2.5 million escape estate tax – not just \$1 million.

### **Changing Estate Taxes**

The \$5 million exemption applies to 2011 and 2012. However, in 2013, it reverts back to only \$1.0 million. So unless you know when your birth certificate expires, please make sure you work with a good estate attorney and financial advisor to develop a plan that handles all contingencies.

---

***Then please contact us or visit our web site [www.Sherwood-Investments.com](http://www.Sherwood-Investments.com) if you would like to see if gifting is appropriate for you. We will show you tax-efficient ways to gift your assets.***