THE 2010
ESTATE PLANNING &
TAX UPDATE

PRESENTED TO OUR PLANNING PARTNERS BY:

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2010 ESTATE PLANNING & TAX UPDATE

1. REPEAL OF FEDERAL ESTATE TAX IN THE YEAR 2010!!

In 2001, the Federal Government passed the EGTRRA tax bill that provided for the gradual increase of each individual's Federal Estate Tax exemption amount from $675,000 in 2001 to $3.5 million in 2009, and a decrease of the tax rate for remaining assets above the exemption amount subject to Federal Estate Tax from 55% or more to 45%. This was to be followed by a repeal of the Federal Estate Tax for one year during the year 2010, then a return to an exemption amount of $1 million per individual in 2011 and beyond at a tax rate of 55% or more on assets above the exemption amount.

Beginning shortly after the passage of EGTRRA in 2001, National Network attorneys have provided clients the option to address the 2010 situation preemptively in their estate planning documents. Most of the planning world anticipated that Congress would act sometime prior to 2010 to give this issue some certainly, whether Congress's action meant a permanent repeal of the estate tax, an increase to a set exemption amount and tax rate, a decision to let the law play out as it was drafted, or some combination of the above. We have now reached 2010, and as of yet Congress has not acted to give us any permanent direction in this area. As a result, there is substantial confusion as to what we can expect the Federal Estate Tax law (as well as Federal Gift Tax and Federal Generation Skipping Transfer Tax) to be going forward from 2010.

Despite this current time of confusion and waiting to see how Congress will respond, the following outline summarizes where we currently stand and what we can expect.

To be concise and understandable, there are essentially three potential planning scenarios based on Congress's actions during 2010:

1. Congress acts during 2010 to give us some permanent estate tax numbers, and the law applies retroactively to January 1, 2010; or

2. Congress acts during 2010 to give us some permanent estate tax numbers, and the law does NOT apply retroactively, or the retroactive portion of the law is held to be unconstitutional and the retroactive feature does not apply; or

3. Congress does not act at all during 2010, in which case we would return to a $1 million Federal Estate Tax exemption amount per person at a tax rate of 55% or more on the assets that are not exempt.

Because of the Congressional calendar, we can be more precise in our thinking about Congressional action. Congress could act before summer recess preceding the campaign season. Summer recess will start about August 8. Many believe it is unlikely that Congress will act before recess and that they will more likely act after returning following Labor Day. This would mean that the next likely time period for Congressional action would be after the election. Some prominent planners predict Congress will allow the 2001 tax bill to expire, which will restore most of the tax

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increases prior to 2001 and return the exemption amount to $1,000,000. This could push any Congressional action on estate tax to the beginning of 2011.

Secondly, this leads to three possible different results, depending on Congress's activity or inactivity, as it affects Federal Estate Tax exemption amounts and taxation rates:

1. The $3.5 Million Federal Estate Tax exemption rate from 2009 is extended and continues to apply, and amounts above $3.5 Million are taxed at a 45% rate, which is also the 2009 rate; or

2. We see an increased Federal Estate Tax exemption amount and a decreased tax rate for amounts above the exemption amount. For example, this could be a $5 Million exemption amount at a 35% tax rate, or something similar. Additionally, an increased exemption amount and a decreased tax rate like this could be made immediately effective, or could be gradually phased in over several years; or

3. Upon a failure of Congress to act, we would return in 2011 to a $1 Million Federal Estate Tax exemption amount and a tax rate of 55% or more on amounts above the exemption amount.

In addition, other, more intricate changes have also come into being during the year 2010 under the EGTRRA tax act. These include issues like a decreased gift tax taxation rate, changes in the generation skipping transfer tax system, income tax changes from a step up in basis on assets included in a decedent's estate to what is known as a "modified carry over basis" system, etc.

Finally, a number of additional specific issues and challenges make it even more crucial to address how the current uncertainty in 2010 affects estate planning. Some of these issues, though there are certainly others to consider, include:

1. Challenges created by the quality of the legal drafting itself, including the presence or absence of language that addresses the preceding several paragraphs.

2. Challenges faced by "blended families."

3. Challenges created by how a person's charitable planning and goals are affected by the current 2010 situation.

4. Challenges presented by estate planning documents that leave certain assets in certain ways to grandchildren or more remote beneficiaries and potentially create confusion in the generation skipping transfer tax area.

5. Challenges unique to certain very specific state laws when certain states have adopted their own state specific estate planning numbers and legislation that does not necessarily dovetail effectively with the federal estate tax legislation and changes.

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6. Challenges created by estate planning documents that were created a number of years ago and have not been proactively reviewed and updated to address the unique changes of the year 2010 and beyond.

Here is an example of the problem. Assume a planner wrote an A/B trust (i.e., credit shelter or family trust plus marital trust) for a couple in a second marriage in 2002. Assume further that the formula clause provides that an amount sufficient to provide no federal estate tax will go into the marital trust and the balance into the family (credit shelter trust) for the benefit of the deceased person's children. In 2010, the surviving spouse could receive nothing in the marital trust, with everything instead going for the benefit of the children in the family trust.

We might see similar results with formulas making gifts to charity.

Some states have passed or are considering legislation ("statutes in repose") to allow a Court to provide that the deceased person's intent was, at least, to use the 2009 estate tax law. The success of such solutions is not certain.

For a good article that goes into more detail about the estate tax picture in 2010, as well as the current gift tax, generation skipping transfer tax, and modified carry over basis issue, see The Impossible Has Happened: No Federal Estate Tax, No GST Tax, and Carryover Basis for 2010, by Jonathan G. Blattmachr, Mitchell M. Gans, Howard M. Zaritsky, and Diana S.C. Zeydel in the February 2010 issue of the "Journal of Taxation."

2. Estate, Gift, and Generation Skipping Transfer (GST) Tax:

TOP MARGINAL RATES OF TAXATION

YEAR:	GIFT TAX:	ESTATE TAX:	GENERATION-SKIPPING TAX:
2001	55%	55%	55%
2002	50	50	50
2003	49	49	49
2004	48	48	48
2005	47	47	47
2006	46	46	46
2007	45	45	45
2008	45	45	45
2009	45	45	45
2010	**35**	**0**	**0**
2011	55	55	55

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THE APPLICABLE EXCLUSION AMOUNT

YEAR:	GIFT TAX:	ESTATE TAX:	GENERATION-SKIPPING TAX:
2001	$675,000	$675,000	$1,060,000 (inflation adjusted)
2002, 2003	1,000,000	1,000,000	1,100,000 (inflation adjusted)
2004, 2005	1,000,000	1,500,000	1,500,000
2006 – 2008	1,000,000	2,000,000	2,000,000
2009	1,000,000	3,500,000	3,500,000
2010	**1,000,000**	**0**	**0**
2011	1,000,000	1,000,000	1,000,000+ (inflation adjusted)

GIFT TAX: Last year, on January 1, 2009, the annual exclusion amount for gifts increased to $**13,000** per gift to an individual or entity. Under Revenue Procedure 2008-66, for calendar year 2009 and following, until further adjusted, the first $13,000 of gifts to any person (other than gifts of future interests in property) are not included in the total amount of taxable gifts under IRC §2503 made during a given year. If spouses engage in gift splitting, this figure will be the first $26,000 of gifts. See http://www.irs.gov/newsroom/article/0,,id=187825,00.html

3. Converting Traditional IRAs to Roth IRAs in 2010 and After.

As you have likely heard many times by now, changes in federal law (under the Tax Increase Prevention and Reconciliation Act of 2005, or TIPRA) went into effect on January 1, 2010, easing the qualification limits for a traditional IRA owner to convert the owner's traditional IRA to a Roth IRA.

You might consider acquiring the September issue of "*Trusts & Estates*" (Vol 148, No 9) as a very helpful resource. Pages 18 through 60 of that issue are devoted to retirement benefits, with much of it giving attention to Roth IRAs and the conversion strategies available in 2010 and after.

The contribution limitations and adjusted gross income levels for ***contributing to*** IRAs and Roth IRAs are not the subject of these paragraphs. I.e., if a person's adjusted gross income (AGI) is too high, they still will not be able to ***contribute*** to a Roth IRA. Specifically, the $5,000 permitted contribution to a Roth IRA is reduced ratably if AGI is between $105,000 and $120,000 for single, head of household, or married filing separate and you did not live with your spouse during 2010 taxpayers (same as 2009), between $167,000 and $177,000 for married filing jointly or qualifying widow(er) taxpayers (up $1,000 from 2009), and between $0.00 and $10,000 for married filing separate and you did live with your spouse during 2010 taxpayers (same as 2009).

Rather, the law under discussion here affects who can ***convert*** all or part of a traditional IRA (or other qualified retirement plan) to a Roth IRA based upon the traditional IRA

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owner's "Modified Adjusted Gross Income" (MAGI). Prior to 2010, a traditional IRA owner could only covert to a Roth IRA if the owner's MAGI was under $100,000. Beginning in 2010 and after, however, that MAGI $100,000 limitation is entirely eliminated.

From the very start, the concept of MAGI confuses people. After you determine your AGI (Line 38 of your 1040 return), you then figure MAGI by adding back certain items like the foreign earned income exclusion, deductions for foreign housing, interest income for series EE bonds that you excluded because you used the proceeds to pay for qualified educational expenses, deductions that you may have claimed for student loan interest or allowable tuition expenses, etc. For more information, worksheet 1-1 on page 17 of IRS Publication 590 provides information for a step-by-step calculation of MAGI.

Two other items are important to keep in mind for this calculation. Required distributions from a traditional IRA after a person reaches age 70-1/2 do not count against the MAGI. Also, funds converted from a traditional IRA to a Roth IRA do not count against your MAGI even though they may be taxable. There are more intricacies to this MAGI calculation, but this brief description should help.

As you counsel clients, the expanded opportunity to convert to a Roth IRA is one of the few "silver linings" during the current pervasive economic downturn we've been experiencing. Since the traditional IRA owner will have to pay ordinary income tax at the owner's tax rate on the amount converted from traditional to Roth IRA, what better time to do so than when the balance is at a low point. One other feature of the law that went into effect in January 2010 is that the taxation of the balance converted to a Roth IRA during 2010 can be deferred into tax years 2011 and 2012.

Of course, for many people the benefits of converting to a Roth IRA (assuming the person is a proper fit after counseling) should be obvious. There are no required minimum distributions after age 70 ½, growth in the Roth IRA is tax deferred, distributions from a qualified Roth IRA are tax free, one can still contribute to a Roth IRA after age 70 ½ (unlike a traditional IRA), contributions are made with after tax dollars, etc.

There are, however, cons or downsides to be considered when converting to a Roth IRA, and your learning, study, and counseling on this subject should take this into consideration.

Finally, it sometimes makes sense for a Roth IRA owner to convert the owner's Roth IRA back into a traditional IRA, perhaps due to a greater income tax liability than anticipated or other realities. This "recharacterization" allows a Roth IRA owner to "undo" up to their entire current year Roth IRA conversion. The IRA owner must recharacterize the IRA by the October 15the extended filing date of the taxpayer's current year income tax. Once again, there is more detail to be mastered here in the recharacterization world from Roth to traditional or vice versa, including "anti-cherry picking rules" put in place by the IRS.

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4. Retirement Plan Contributions:

Year	Overall Contribution Limit Deductible, Non-Deductible and Roth IRA (under age 50)	Overall Additional Catch-up Contributions Deductible, Non-Deductible, & Roth IRA (50+)
2003-2004	$3,000	$500
2005	$4,000	$500
2006-2007	$4,000	$1,000
2008-2009	$5,000 (indexed for inflation hereafter)	$1,000
2010	**$5,000**	**$1,000**

For those who participate in an employer sponsored retirement plan, the $5,000 deduction is reduced based on adjusted gross income (AGI), and no deduction is allowed if AGI is over $177,000. The AGI levels are increased for 2010 at any AGI less than $177,000. The following table illustrates these specific deduction limits. The deduction at any specific AGI is a percentage of the corresponding limit shown on the table.

MAXIMUM DEDUCTION FOR RETIREMENT PLAN PARTICIPANTS:

Status	2009		2010	
	AGI	Deduction	AGI	**Deduction**
Single	$55,000 $60,000 $65,000	$5,000 $2,500 $0	$56,000 $61,000 $66,000	**$5,000** **$2,500** **$0**
Married Spouse Participant	$166,000 $171,000 $176,000	$5,000 $2,500 $0	$167,000 $172,000 $177,000	**$5,000** **$2,500** **$0**
Married Both Participants (or a qualifying widow(er)	$89,000 $99,000 $109,000	$5,000 $2,500 $0	$89,000 $99,000 $109,000	**$5,000** **$2,500** **$0**
Married Filing Separately	**$0** **$5,000** **$10,000**	**$5,000** **$2,500** **$0**	**$0** **$5,000** **$10,000**	**$5,000** **$2,500** **$0**

A taxpayer age 50 or over and married with an AGI less than $167,000 could therefore contribute $6,000 to an IRA even if the taxpayer participates in an employer sponsored retirement plan.

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Roth IRAs

Like the standard IRA, the maximum Roth IRA contribution permitted for 2010 remains $5,000, with age 50 or over catch-up contribution limit staying at $1,000. The $5,000 permitted contribution is reduced ratably if AGI is between $105,000 and $120,000 for single, head of household, or married filing separate and you did not live with your spouse during 2010 taxpayers (same as 2009), between $167,000 and $177,000 for married filing jointly or qualifying widow(er) taxpayers (up $1,000 from 2009), and between $0.00 and $10,000 for married filing separate and you did live with your spouse during 2010 taxpayers.

NOTE: Be aware of the IRS's continuing apparent "prejudice" against naming trusts as beneficiaries of IRAs. Know the difference between an "outright," "conduit," and "accumulation" trust and how that bears upon considering ***all*** (even contingent) beneficiaries when figuring required minimum distributions and stretch-out techniques.

However, the most recent Private Letter Ruling (PLR) that we feel we can depend on for getting individual life expectancy treatment for separate trust shares of a trust directly named as beneficiaries on the IRA beneficiary designation form is PLR 200537044. If interested, please see http://www.irs.gov/pub/irs-wd/0537044.pdf

5. Income Tax:

Before the Jobs and Growth Tax Relief Reconciliation Act of 2003 ("JGTRRA"), the marginal income tax rates were 10, 15, 27, 30, 35, and 38.6 percent. These were the tax rates for 2003 that were put into effect when Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). JGTRRA changed the marginal rates for 2003, retroactive to January 1, 2003, to 10, 15, 25, 28, 33, and 35 percent.

6. **Capital Gains Tax**:

JGTRRA 2003 dropped the maximum tax rate on capital gains from 20 to 15 percent for all taxpayers except those in the lowest brackets. Taxpayers in the 10 and 15 percent brackets under JGTRRA pay five percent on any capital gains recognized (down from 10 percent) on transactions occurring for gains able to be recognized on or after May 6, 2003. Further, in 2008, taxpayers in the 10 and 15 percent brackets were taxed on their capital gains at zero percent, with the capital gains rates set to return to 20 and 10 percent levels Jan. 1, 2009, the levels where the rates were prior to JGTRRA 2003.

However, TIPRA 2005 extended the zero percent for taxpayers in the 10 and 15 percent brackets beyond 2008 through the end of the current year 2010!!

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The reduced rates and the temporary nature of the reductions call for immediate revisions in many taxpayers' investment strategies.

Under current law, in 2011 capital gains tax rates return to their previous 20 and 10 percent levels. For your information, the 2010 top of the 15% tax bracket for married couples filing jointly is up only slightly $68,000 while for single filers it is up slightly to $34,000.

7. Dividends:

JGTRRA also lowered tax on dividends paid on stock, which had been taxed at the same rate as ordinary income but has been taxed at 15 percent for most taxpayers since January 1, 2003. Lower income taxpayers in the 10 and 15% brackets pay taxes on dividends at five percent effective January 1, 2003. This rate was also set to remain in effect only until December 31, 2008, with lower bracket taxpayers paying zero percent in 2008.

Similar to the above, however, **TIPRA 2005 extended the zero percent for taxpayers in the 10 and 15 percent brackets beyond 2008 through the end of the current year 2010!!** You will want to read further on this, as not all corporate distributions are entitled to tax-reduced dividend treatment, creating a new web of complex rules for both shareholders and corporations alike. Tax on stock dividends will revert to ordinary income taxation in 2011.

8. **2010 Colorado Medicaid Numbers (effective 1/1/2010).**

PLEASE ALSO NOTE that many of the numbers remain unchanged from the year 2009. We have seen a trend like this in 2010 in other financial areas that are dependent upon cost of living allowances (COLA) and inflation-adjusted numbers.

Community Spouse Resource Allowance: $109,560.00

Resource Allowance for an Individual: $2,000.00

Resource Allowance for a Couple: $3,000.00
(both husband and wife in nursing home)

Minimum Monthly Maintenance Needs Allowance: $1,822.00

Maximum Monthly Maintenance Needs Allowance: $2,739.00

Monthly Personal Needs Allowance: $35.00

Shelter Standard: $547.00

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Standard Utility Allowance: $198.00

Divestment Penalty Divisor: $6,909.00 (Adams, Arapahoe, Boulder, Broomfield, Denver, Jefferson Counties)

Income Cap Amount: $2,022.00

Important Note: The Deficit Reduction Act of 2005 (DRA 2005), signed into law by President Bush on 2/8/2006, officially became effective in Florida on November 1, 2007. The law does *not* apply "retroactively" in Florida, so the effective date for planning purposes for DRA 2005 is November 1, 2007. You can do some specific reading at https://www.flrules.org/gateway/View_Notice.asp?id=4757673 You will definitely want to determine if and when DRA 2005 was implemented in YOUR state and the nature of retroactivity in your state as implemented.

As a quick refresher, the 11 main changes under DRA 2005 are as follows:

1. Changes the "look-back" period to five years for all transfers

2. Postpones the penalty start date for transfers within the five-year look-back. Now begins at application, when applicant "otherwise qualifies but for the implementation of a transfer penalty."
3. Eliminates the "rounding-down" technique for monthly transfers

4. Restricts the use of annuities

5. Limits the value of Medicaid Applicant's homestead

6. Requires use of the income-first rule in providing support to the Community Spouse

7. Establishes new rules on the treatment of the "buy-in" at Continuing Care Retirement Communities

8. Restricts the use of notes and loans

9. Permits the purchase of a life estate in real property

10. Expands of the Long-Term Care Partnership Program

11. Requires states to implement a "hardship waiver" policy

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9. Social Security and Medicare Adjustments (Effective 1/1/2010):

Similar to the Medicaid numbers in #8 above, many of the Social Security and Medicare numbers remain unchanged from the year 2009. We have seen a trend like this in 2010 in other financial areas that are dependent upon cost of living allowances (COLA) and inflation-adjusted numbers.

Specifically, from the Social Security website at http://www.ssa.gov/OACT/COLA/SSI.html you can read: "*Maximum Federal Supplemental Security Income (SSI) payment amounts increase with the cost-of-living increases that apply to Social Security benefits. This year there is no COLA, so there will be no increase in SSI payment amounts in 2010.*"

*Medicare Part A:

Hospital Deductible: $1,100.00 (was $1,068)

Hospital Co-Insurance: $275.00 per day for days 61 to 90 (was $267.00)
$550.00 per day for days 91 to 150 was $534)

Skilled Nursing Facility Co-Insurance:
$137.50 per day for days 21 to 100 (was $133.50)

*Part A Premiums (Voluntary Enrollees):

Less than 30 quarters of Social Security coverage: $461.00 per month (was $434.00)

More than 30 quarters of Social Security coverage: $254.00 per month (was $244.00)

*Part B:

Deductible: $155.00 per year (was $135.00)

Premium: $110.50** per month (was $96.40). ****However, some 73% of social security recipients will not pay this increase, and will see it remain at $96.40, under the Social Security "hold harmless" provision, which prohibits raising the Part B premium more than that year's COLA. Given that there is no COLA this year, the premium remains the same as 2009 for many. See http://www.socialsecurity.gov/cola/facts/colafacts2010.htm*

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*Social Security:

Cost of Living Adjustment:	0.0% (was 5.80% for 2009)
SSI Federal Payment Standard:	$674.00 (eligible individual) (remains the same as 2009)
	$1,010.00 (eligible couple) (remains the same as 2009)
	$338.00 (essential person) (remains the same as 2009)

See further http://www.cms.hhs.gov/apps/media/press/factsheet.asp?counter=3534

10. Inflation Adjustments Provided for 2010 (Rev. Proc. 2009-50)

Each year, the IRS releases a publication regarding inflation and cost of living adjusted items. In Rev. Proc. 2009-50 and IRB 2009-45, the IRS issued inflation-adjusted rates and tax tables for 2010.

You can view Rev. Proc. 2009-50 at http://www.irs.gov/pub/irs-drop/rp-09-50.pdf You can view the 44 page PDF IRB 2009-45 here: http://www.irs.gov/pub/irs-irbs/irb09-45.pdf

Here are some of the key points:

The value of each personal and dependency exemption will be $3,650, unchanged from 2009.
Most standard deduction remain the same, while 2010 shows minimal increases in the upper numbers of the 10, 15, 25, 28, 33, & 35% tax brackets.

The 2010 standard deduction remains at $11,400 for married couples filing a joint return and for surviving spouses, remains at $5,700 for singles and married individuals filing separately, and rises $50 to $8,400 for heads of household. The standard deduction for dependents remains at $950, or earned income plus $300.

For a married couple filing a joint return, for example, the taxable-income threshold separating the 15 percent bracket from the 25 percent bracket will increase just $100 to $68,000, up from $67,900 in 2009.

For all except trusts and estates, the 35% bracket will be reached at $373,650 of taxable income (up $700 from 2009). Trusts and estates with taxable income over $11,200 will reach the 35% bracket (up $50 from 2009).

Other miscellaneous adjusted income tax numbers of interest under Rev. Proc. 2009-50 are as follows:

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1. Kiddie tax exemption - $950 (unchanged from 2009)
2. Adoption credit - $12,170 (up $20 from 2009)
3. Maximum Hope scholarship credit - $2,500 (up $700 from 2009)
5. Aged or blind added deduction - $1,100 or $1,400 if single and not surviving spouse (unchanged from 2009)
6. Itemized deductions – in 2009, were reduced by 1% over AGI of $166,800. However, as stated in Rev. Proc. 2009-50, "the overall limitation on itemized deductions under § 68 does not apply to any taxable year beginning after December 31, 2009, and before January 1, 2011." That is our current year 2010.
8. Low cost gift articles – Also stated in Rev. Proc. 2009-50, "For taxable years beginning in 2010, the unrelated business income of certain exempt organizations under § 513(h)(2) does not include a 'low cost article' of $9.60 or less."

The IRS also announced many other miscellaneous inflations adjustments for 2010 in Rev. Proc. 2009-50. Please go to the web sites indicated within this #10 here or feel free to send me an e-mail if you'd like more detailed information.

11. Continued importance of the Pension Protection Act (PPA), signed into law on August 3, 2006.

Although the primary focus of the new law was on reforming defined benefit plans, there were a few intriguing provisions with regard to IRAs and other qualified defined contribution plans. Specifically, the PPA provides:

*Permanency of the pension and individual retirement arrangement provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).
*Non-spousal beneficiary transfers of inherited qualified retirement plan benefits into inherited IRAs. However, although this clearly appeared to be offered under the Pension Protection Act of 2006, in a case of "Congress giveth and the IRS taketh away," this was curtailed by IRS Notice 2007-7. Under that Notice, a company plan must allow such a non-spousal rollover by the terms of its own documents. See a discussion of this issue at http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20080204/REG/786671285/1037

> ***Please note, however, that The Worker, Retiree and Employer Recovery Act of 2008 settled this discrepancy between the Pension Protection Act and Notice 2007-7.***

*Direct rollovers of qualified retirement plans to Roth IRAs, rather than first having to rollover to a standard IRA and then to a Roth IRA.

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12. **Previous Tax Law changes during this current decade impact alternative minimum tax (AMT), limitations on converting traditional IRAs to Roth IRAs, etc.**

See Money article at http://money.cnn.com/2006/05/16/pf/taxes/tax_bill_and_you/index.htm for some specifics.

The provision that allows all taxpayers, not just those with modified adjusted gross income of $100,000 or less, to ***convert*** their traditional IRAs to Roth IRAs starting in 2010 is discussed in full at #3 above in this Estate Planning Tax Update.

13. **Family Limited Partnership (FLP) and Limited Liability Company (LLC), etc., planning for high net-worth clients for valuation discounts, etc.**

The IRS continues to aggressively attack these valid estate planning devices, so it is very critical we clearly know what we are doing and carefully "dot our I's and cross our T's." Many of the IRS's arguments of past years have either been weakened or gone by the wayside. Successful IRS attack is largely focused presently around Internal Revenue Code Section 2036(a)(1) "retained right" argument and Section 2036(a)(2) "retained right to direct" argument.

14. ***Many* additional miscellaneous changes in EGTRRA, JGTRRA, TIPRA, Pension Protection Act, etc.**

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