

PASQUESI ASSOCIATES

PROFESSIONAL CORPORATION
ATTORNEYS & COUNSELORS
101 WAUKEGAN ROAD, SUITE 600
LAKE BLUFF, ILLINOIS 60044

TELEPHONE (847) 295-9980
FAX (847) 295-9981
E-MAIL: pa@pasquesi.net

THOMAS A. PASQUESI
AMY L. GOLDSMITH
WILFRED H. CHAN

MEMORANDUM

of Counsel
THEODORE A. PASQUESI

To: Clients and Friends of Pasquesi Associates, P.C.

Date: January 1, 2009

Re: Estate Tax Law Changes

Effective as of January 1, 2009, the Federal Estate Tax Exemption increased to \$3,500,000; and it is scheduled to be repealed in 2010. However, the State of Illinois Estate Tax Exemption remains at \$2,000,000.

This means that if your taxable estate is less than \$3,500,000, there may be no federal estate tax due upon your death, but there could be an Illinois estate tax due on the amount in excess of \$2,000,000. The Illinois estate tax on a \$3,500,000 estate is approximately \$210,000; which is about 14% of the amount over \$2,000,000. (But the Illinois estate tax on a \$2,500,000 estate would be about \$128,000, which is over 25% of the taxable amount.)

This is a problem for Illinois residents and property owners who pass away in 2009 (and in later years, if the federal exemption is frozen at \$3,500,000 or some other amount).

Fortunately, there are several planning alternatives you can use to minimize this Illinois estate tax exposure. So, if your estate is likely to exceed \$2,000,000, we urge you to contact us or another tax advisor to discuss your options. This is especially important if your Will or Trust Agreement has not been recently updated.

Other reasons to review your estate plan include: (i) changes in family circumstances; (ii) changes in net worth; (iii) changes in the manner of asset ownership that are not consistent with the overall plan; (iv) reviewing elections to be made with respect to beneficiaries of IRA's and other retirement benefits; and (v) considering whether there have been any other changes in the law which affect your plan and objectives.

Also, please note that a new law signed on December 23, 2008, exempts most people from having to take their Minimum Required Distribution for 2009 (however, 2008 MRDs must still be taken).

If you have any questions, or would like our input in reviewing your situation, please call and we can discuss how best to proceed.

Thomas A. Pasquesi