

OPPORTUNITY TO MAKE LARGE GIFTS MAY EXPIRE IN DECEMBER

This year each person can give up to \$5,120,000 (\$10,240,000 for married couples) without paying a gift tax. This is a good time to consider making gifts that are larger than the \$13,000 annual exclusion amount. When valuation discounts are applied, the gift can be significant.

By giving appreciating property, future growth and income are removed from your estate for estate tax purposes. Given current low real estate values, this year may be a particularly good time to give real estate.

This opportunity expires on December 31, 2012 unless Congress takes action before the end of the year. If you are interested in learning more about gift giving this year, please call our office.

INHERITANCE AND DIVORCE

In Colorado, your inheritance is considered your separate property and is generally not subject to division in a divorce proceeding unless you: (1) commingle the inheritance with marital property, such as depositing cash in a joint account, (2) convey title to real property to yourself and your spouse as joint tenants, (3) use the inheritance to purchase property titled in your name and your spouse's name, or (4) use the inheritance to pay joint debts, such as a credit card or mortgage. However, any appreciation on the value of the inheritance is considered marital property in the event of a divorce unless you have a marital agreement stating otherwise. Therefore, if you have any concern about your inheritance being divided with your spouse in the event of a divorce, you should take care to keep your inheritance separately titled in your own name.

If your child has a troubled marriage, you may wish to protect family assets from a divorce by including a trust for the child in your will. With certain exceptions, a trust that you create for a child is generally considered separate property in a divorce. A trust can easily be created under a parent's will that permits the child to receive distributions from the trust, including portions of trust principal over time. The child can even be the trustee of his or her own trust. If you think your family can benefit from this kind of trust, please contact us.

Goddard & Goddard, P.C. partners with clients on estate planning and estate administration matters, including related issues in real estate, oil and gas, business and tax law, and charitable planning.

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ESTATE TAX REPORT

This year the federal estate tax exemption is \$5,120,000 per person (\$10,240,000 for married couples) and the top estate tax rate is 35%. In 2013, the exemption will decrease to \$1,000,000 per person (\$2,000,000 for married couples) and the estate tax rate will increase to 55% on all amounts over \$1,000,000, unless Congress changes this law by the end of this year.

FIRM NEWS

Goddard & Goddard, P.C. will proudly celebrate its 25th anniversary in August 2012. We want to thank all of our clients and friends who will make this anniversary possible!

Susan B. Goddard was selected by her peers to the *Colorado Super Lawyers* list as one of the top 5% of attorneys practicing estate planning and probate in Colorado in 2012 as published in *5280* magazine.

Miranda K. Hawkins was selected by her peers to the *Colorado Rising Stars* list as one of the top 2.5% of attorneys under age 40 practicing estate planning and probate in Colorado in 2012 as published in *5280* magazine.

ColoradoBiz magazine ranked Goddard & Goddard, P.C. as one of the top 100 woman-owned businesses in Colorado in 2012.