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-client *Letter*-

It seems that each year begins with new laws. In this newsletter, we'll look at the new laws that could impact your estate planning and gifting.

Status of Estate Tax Reform

Congressional debate on estate tax reform was expected to take place right after Labor Day 2005. Due to Hurricane Katrina, this debate did not happen. Unless Congress acts, the estate tax will be repealed for 2010 only and, in 2011, returns to a \$1,000,000 estate tax exemption with a 55% top tax rate.

Basic Numbers

The estate tax exemption increases to \$2,000,000 in 2006, up \$500,000 from \$1,500,000 in 2004 and 2005. The \$2,000,000 can be doubled to \$4,000,000 for married couples if they split their assets and use trusts in a way that enables both to use his or her own \$2,000,000 exemption. The highest estate and gift tax rate is 46% in 2006, down from 47% in 2005. The gift tax lifetime exemption remains unchanged at \$1,000,000.

The annual gift tax exclusion increases in 2006 to \$12,000, an increase of \$1,000. This is the first increase since 2002. This exclusion is the amount the Internal Revenue Service allows an individual to give to any one person without being required to file a gift tax return or pay gift taxes. You can give up to \$12,000 to as many individuals as you wish. Annual exclusion gifts are a good way for an individual to reduce their estate without incurring any gift taxes.

continued on page 2

WE'VE MOVED

After 10 years
by Coors Field,
we've moved.

We're still in
LoDo and our
offices are now at
1444 Blake St.

Our telephone
number is still
(303) 292-3228.



THANK YOU

We appreciate the opportunity to work with you this past year. We appreciate your referrals to your friends and business associates and thank you for your confidence.

Your Assets

With the increased exemption, it is a good time to review your financial statements and determine if you and your spouse need to rebalance your assets to take advantage of the additional \$500,000 estate tax exemption.

Many of our clients own their own businesses. Take a few minutes and review your business to ensure that it is properly valued and its operations or sale would provide the needed income to your family in the event of your death. Studies have shown that only about 10% of family owned businesses survive to the second generation. Proper planning can ensure that your business survives, either in the hands of your family or to a third party, at a value which reflects your years of hard work.

Out of State Property

If you have out of state property, such as oil and gas properties or a vacation home, titling them in joint tenancy or transferring them to an entity such as an LLC or a trust will avoid an ancillary probate in that state at your death. Colorado probate is inexpensive compared to many states, but there is additional cost involved to address the probate issues when you own out of state property that is not properly titled. If you don't think the property is worth much, this is especially advantageous, as you don't want to spend more on a probate than the property is worth.

Important Document List

So you've done your estate planning. Will someone know where to find all of your important documents when the time comes? In this newsletter, we have included an Important Document List. By completing this list, you will let those you care about know where to find all of your important documents. If you bank on-line or receive your monthly credit card statements on-line, don't forget to include computer passwords.

While this list is tailored to your individual needs, businesses (even family owned businesses), should have a similar type of document that identifies the location of key business data that allows someone to continue the operations of the business in the event of your death or a natural disaster like Hurricane Katrina. Hurricane Katrina taught us a lesson in disaster recovery planning for businesses as well as individuals.

IMPORTANT DOCUMENT LIST



Please complete the following information regarding location of your original estate planning documents and other important papers. This list will help your Trustee or Personal Representative administer your estate and will assure that no important papers are lost or overlooked.

The following documents are located at:

1. Will(s) & Trust(s) _____
2. Medical Power of Attorney & Financial Power of Attorney _____
3. Living Will _____
4. Anatomical Gifts/Burial Instructions _____
5. Prepaid Funeral Plans _____
6. Safe Deposit Box Information
 - a. Bank Name and Address _____
 - b. Box # _____
 - c. Key Location _____
 - d. Co-Signer's Name(s) who are authorized to enter the safe deposit box

7. Business Papers & Agreements _____
8. Stock Certificates/Investment Information _____
9. Retirement Plan/401(k)/IRA _____
10. Bank Information _____
(Passbooks, CD's, Automatic Withdrawals from &
Deposits to Bank Accounts)
11. Insurance Policies
 - a. Life _____
 - b. Health _____
 - c. Auto _____
 - d. Home _____
 - e. Disability _____
12. Social Security Information _____

continued on back page

IMPORTANT DOCUMENT LIST continued

- 13. Medicare & Medicaid Information _____
- 14. Credit Cards/Charge Accounts _____
- 15. Passwords to Computer and Internet _____
- 16. Deeds & Titles, Mortgages & Notes _____
- 17. Tax Records _____
- 18. Armed Forces Information _____
- 19. Names & Telephone Numbers of Important People

- a. Attorney _____
- b. Insurance Agent _____
- c. CPA or Tax Preparer _____
- d. Financial Planner _____
- e. Priest/Pastor/Minister/Rabbi _____
- f. Other: _____

- 20. Other:
 - a. _____
 - b. _____

21. Names, Phone Number & E-mail Addresses of People Who Should be Contacted:

Name	Phone Number	E-mail Addresses
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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