



(HYPOTHETICAL) FAREWELL ADDRESS TO ESTATE TAX AUDITORS FROM IRS COMMISSIONER, MARK W. EVERSON



*There are two ways to live: you can live as if nothing is a miracle;
you can live as if everything is a miracle.*

— Albert Einstein

As estate tax auditors, you often face long odds as taxpayers develop strategies to legally minimize estate taxes. With a federal estate tax exemption of \$2 million (\$3.5 million in 2009), fewer people pay the tax.

Despite the millions of Americans who died in 2006, only 23,000 actually paid estate tax. So only a minuscule percentage of Americans pay any estate tax whatsoever, and this has made your job ever more difficult. (Only 1,100 folks from Illinois and 2,500 from Florida paid any estate tax.) Nevertheless, that tax generated almost \$25 billion—enough to fund NASA for 18 months.

Fewer taxable estate tax returns come as good news to you auditors, especially those in the Chicago office. Not too long ago, you were staffed with 69 estate auditors. Today, there are no more than six, all veteran attorneys. Your job will undoubtedly become more difficult as Grantor Retained Annuity Trusts (GRATs) are now extremely popular for those with taxable estates.

What was the IRS thinking to have allowed the creation of these trusts in the first place? Imagine, a taxpayer can save tens of millions of dollars in estate tax by using a GRAT costing less than \$10,000 to create.

Besides GRATs, many wealthy Americans are building their own private foundations. There are 34,000 private foundations in America, and the number is increasing. And how about Warren Buffet,

George Soros, and Bill Gates, Sr.? (chuckle ripples through audience) They love the estate tax but probably not one of them will pay it—they will leave the bulk of their estates to private foundations!

So, ladies and gentlemen of the Estate Tax Division of the IRS, you have a tough job with all these GRAT's and private foundations. I wish you well as I leave you now to join the American Red Cross to see what I can father¹ there. (Applause.)

¹Mr. Everson has since resigned from the American Red Cross after an allegedly inappropriate personal relationship with an assistant.



Mark W. Everson, Former IRS Commissioner