



NEWS YOU CAN USE



"It is a newspaper's duty to print the news and raise hell."

— *The Chicago Times, 1861*

You may have noticed this newsletter focuses on general thoughts and broad life planning strategies rather than the latest case or tweak in the law. So please forgive this exception, as we share a couple of late breaking developments which may interest you.

The U.S. Treasury recently issued proposed tax regulations intended to severely curtail valuation discounts used to minimize estate and gift tax while transferring interests in family-controlled entities. If implemented, these regulations would largely eliminate discounts taken for lack of marketability, lack of control, and minority interest where an interest in a family-controlled entity is sold, gifted, or bequeathed. These discounts reduce the taxable value of the transferred interest and have been widely used to reduce estate and gift tax liability.

For example, Mother owns 100% of a company worth \$3 million and would like to transfer some of the company to Daughter while minimizing the gift tax liability. Under the current regulations, Mother can gift a one-third interest to Daughter that, for gift tax purposes, would be valued at significantly less

than its \$1 million equity value. This discount is based upon the difficulty of liquidating the share (lack of marketability), insufficient control of the one-third business interest (lack of control), and the inherent vulnerability of owning a one-third share in a business (minority interest).

These discounts may be eliminated in 2017 with the adoption of the new proposed tax regulations. Thus, Mother should complete her transfers of the family-controlled entity now while the discounts are available.

In other news...

- *New website:* Our new fun webpage, IllinoistoFlorida.com, has launched. It is so brand spanking new that even Google is unaware of it, so be sure to type: IllinoistoFlorida.com. The website reviews many of the issues folks need to know about leaving Illinois and establishing domicile in Florida. Not all of the traps and pitfalls – or our strategies to avoid them – are disclosed on the webpage, but there is enough gator meat on there to take the edge off of your hunger to learn.
- *New locations:* As you may have noticed, folks continue to flee Illinois for Florida. After all, it is an easy way to cut your income taxes by 10% and your estate taxes by 20%, so we have amplified our Florida presence. While you may have been aware of our office in **Naples**, which provides easy accessibility to clients on Florida's west coast, we are pleased to announce our new location in **Boca Raton**, which offers concurrent capacity to meet clients in Miami and Palm Beach. All Florida locations are by appointment only.



Gary Owens, from Rowan and Martin's Laugh-In, reads you the news.