

Take Advantage of Tasty Interest Rates For Some Delicious Tax and Estate Planning

Interest rates dropped significantly in recent months; this can have a significant impact on many tax and estate planning strategies. Low interest rates directly impact the interest rate the IRS uses to determine values for estate, income and gift tax purposes — and it's at an all-time low as of December 2010! It's time to fire up the grill on your estate planning strategy if you want the benefits of these interest rates.

As with cooking shows, it's easier to understand how the dish is going to turn out if you see the technique, so let's do a demonstration. One way to save on estate taxes is by setting up a Grantor Retained Annuity Trust (GRAT). Here are two examples of how a GRAT is affected by the lower interest rate:

Example 1: When the IRS interest factor is 1.8%, Albert transfers \$1 million to a trust, which is to pay him an annual annuity of \$80,000 for 10 years. If the trust assets earned income and/or appreciated 6% annually, 4.2% more than the IRS rate, a total of \$462,568 passes on gift- and estate-tax free! The actual value left in the trust at the end of the term is \$736,384.

Example 2: By way of comparison, if Sam set up a similar GRAT when the interest factor was 5.0%, the actual value left in the trust would still be \$736,384, but the amount passing gift- and estate-tax free would drop to \$354,120 — over \$100,000 less than in the example above.

Other great ideas when interest rates are low include a Charitable Lead Annuity Trust (CLAT) or a Sale to an Intentionally Defective Grantor Trust (IDGT). Your AMD advisor can explore these ideas with you and let you know if they're the right fit to sweeten your financial future.

recipe for Richness

white chicken chili

Ingredient List

- 2 lbs. boneless, skinless chicken breasts
- 1 tbsp. olive oil
- 2 medium onions, chopped
- 4 garlic cloves, minced
- 2 (4 oz.) cans chopped mild green chilies
- 2 tsp. ground cumin
- ¼ tsp. ground red pepper
- 1 tsp. oregano
- 3 cans cooked Great Northern Beans
- 4 cups chicken broth
- 3 cups Monterey Jack cheese

In the heart of winter nothing's as warming as a good white chicken chili. If you have to leave this warming on the stove while you shovel the front walk, it only gets better with time. The secret in this Mueller family recipe is the cheese cooked into the chili that gives it a rich, thick flavor.

Preparation Instructions

Boil chicken and chop into 1/2 inch cubes. Discard water. In large pot, heat oil over medium heat, add onions and cook until translucent (about 4 minutes). Stir in garlic, chilies, cumin, red pepper and oregano. Sauté for 2-3 minutes. Add chicken, beans, broth and cheese. Let simmer 15 minutes or longer.

Can be served either with beer and football or with a crusty bread and candlelight.