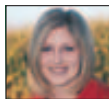


# No death of death tax anytime soon



**My Generation**  
By HOLLY SPANGLER

ANYONE with a television has spent too much of the past few weeks listening to politicians sling tax accusations back and forth. The nation's economic woes have simply ratcheted up the allegations. Blessedly, by the time you read this, the persistent political ads — and the election — should be over.

Here's the thing for farmers: It doesn't matter. No matter who wins, the tax with the power to hit farmers hardest — the estate tax — is unlikely to go away.

As it is, Congress has set death tax exemptions at a stair-stepped rate of \$1.5 million, \$2 million, \$3.5 million and unlimited in 2010. Without congressional action, the exemption reverts back to \$1 million in 2011. Consider, too, that Congress will need to hustle funds to cover its \$700 billion credit tab from somewhere. The estate tax may be an attractive source and may meet less opposition than, say, an income tax hike.

## Life and death

Prior to the congressional bailout package, Curt Ferguson, an estate tax attorney and *Prairie Farmer* columnist, was optimistic Congress might make the 2009 exemption of \$3.5 million permanent. Now that the economy is in a hunker-down mentality, and Congress has spent \$700 billion, anything that could be perceived as a tax cut is unlikely. No tax cut means that in 2011, the death tax exemption will drop back to \$1 million.

That's the exemption at death. For planning purposes, the exemption during life is the biggie. And even though that stair-stepped death exemption exists, the during-life exemption has remained capped at \$1 million. Ferguson explains that the best wealth transfer strategies depend on time. Time to make annual gifts over many years. Time to let leverage and appreciation work for you. And that has to happen before you die. Then the death tax itself kicks in.

So essentially, Congress dangled a morbid loophole in the higher exemption for transferring wealth: You have to die to get it. And ideally, you'd need to die in 2010.

The bailout itself is not a kick in the pants to do estate planning. You ought to be doing that anyway. To actually rely on the notion that the estate tax will be repealed in 2010 is living with your head in the sand. Congress could, maybe, possibly, perhaps extend the exemption. But is it wise to hang your life's work on the whims of Congress? Ferguson lays it out pretty well when he says those folks are "nicely positioned for a swift kick in the pants and really deserve one."

Seems like as good of a time as any to call a good estate-planning lawyer.

## Questions come in all sizes

As I was writing this month's cover story on deer populations, I recalled another deer story that's too good not to share. About this time last year, I was driving

down the road with my then 5-year-old, Jenna, and 3-year-old, Nathan. Our neighbors run a hunting lodge in the fall and bring in several bow hunters for the season. One of the hunters had harvested a deer, and they had it all laid out in the yard, getting ready to take a few photos. I did not stop to visit, as I wanted to avoid

a bazillion questions. Nonetheless, the conversation from the backseat:

Jenna: "What are they doing?"

Me: "Well, it looks like one of the hunters got a deer."

Jenna: "But why are they wiping it?"

Me: "Um, they probably just want it to look nice for the picture."

Jenna: "But what will they do with it?"

Me: "Um, well, they'll probably take it home and eat it."

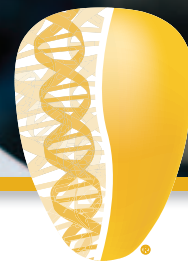
(Long pause) Jenna: "But how will they get it to fit in the pan?"

■ **Comments? E-mail [hspangler@farmprogress.com](mailto:hspangler@farmprogress.com).**

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