

## CLIENT MEMORANDUM

**RE: Income and Estate Tax Planning**

Dear Client:

While we have already sent a summary of the 2001 tax law changes enacted June 7, 2001, we wanted to make you aware of several items that you should consider in your planning for the upcoming year.

The prior law provided that each person can transfer during their life or at death \$675,000 in assets free from estate and gift tax. Beginning January 1, 2002, this amount increases and will be \$1,000,000 per person. It may be prudent to consider making gifts either in cash or better, in the form of property interests that you own, to your children effective January 1, 2002.

Beginning January 1, 2002, IRA contributions increase to \$3,000 per person and will continue to increase annually until contributions reach \$5,000 in 2008. Mandatory IRA distributions can be calculated under new tables, which generally result in lower minimum withdrawals. Please call us if you would like us to calculate this for you.

In addition, qualified tuition programs also known as “*College Saving Plans*” or “*Section 529*” plans are something that should be seriously considered for all parents or grandparents of minor children who will attend college. These plans offer parents and grandparents a tax exempt means of funding a child’s future qualified higher education expenses. Under the new tax act, earnings, which accumulate on invested amounts, are **never** subject to tax when withdrawn by the beneficiary, if they are used for qualified higher education expenses. You can find out more about these plans through the state sponsored website [www.scholarshare.org](http://www.scholarshare.org) or through [www.collegesavings.org](http://www.collegesavings.org), or [www.savingforcollege.com](http://www.savingforcollege.com) or contact your brokerage firm.

Should you have any questions or need assistance in planning regarding any of the items raised in this memorandum, please do not hesitate to contact our firm.

Very truly yours,

**FISHMAN, BLOCK + COMPANY**