



PRIVATE CLIENTS, TRUSTS & ESTATES NEWSLETTER

Featured Articles:

Charitable Lead Annuity Trusts (CLATs): Passing Down Wealth and Philanthropic Values.....1

Tax Consequences of Civil Unions and Same-Sex Marriages.....2

2012 Transfer Tax Exclusions.....4

Florida Powers of Attorney.....4

Illinois Powers of Attorney.....6

Gift Tax Rules.....6

To receive future copies of the Private Clients, Trusts & Estates Newsletter via email, please send your name, company or firm name and email address to Ashley Arp at ashley.arp@sidley.com

This **Sidley newsletter** has been prepared by Sidley Austin LLP for informational purposes only and does not constitute legal advice. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. Readers should not act upon this information without seeking advice from professional advisers.

Attorney Advertising - For purposes of compliance with New York State Bar rules, our headquarters are Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019, 212.839.5300 and One South Dearborn, Chicago, IL 60603, 312.853.7000.

Prior results do not guarantee a similar outcome.

Charitable Lead Annuity Trusts (CLATs): Passing Down Wealth and Philanthropic Values

The United States is in a period of low interest rates and what seems to be a depressed stock market. While this may not be good news for a number of reasons, it does have a potential silver lining. There are some estate planning techniques that are particularly advantageous in such periods. One of those techniques is a charitable lead annuity trust (“CLAT”). A CLAT is a technique which combines charitable giving with possible wealth transfer to family members depending on the performance of the assets in the CLAT.

A CLAT makes a fixed annual payment to charity for a fixed term of years (the “Charitable Term”). The CLAT can name specific public charities to receive the annual payments, or it can provide for the annual payments to be made to a private family foundation, or it can give the Trustee or a designated committee of family members or others the power to pick charities each year to receive the annual payments. The only restriction, in order to avoid estate tax inclusion in the creator’s estate, is that the creator of the CLAT cannot pick the charities (and, if the creator is an officer or director of a private family foundation that receives distributions from the CLAT, the creator cannot pick charities to receive distributions from the private family foundation of funds it received from the CLAT).

Any assets remaining in the CLAT at the end of the Charitable Term (after making the payments to charity) will pass to or in trust for the creator’s family members or other specified beneficiaries. A CLAT is not a good vehicle for funding generation-skipping trusts for grandchildren and more remote descendants, although a related-type trust, a Charitable Lead Unitrust, is appropriate for this purpose.

A CLAT can be created during lifetime (in which event the creator would receive a gift tax charitable deduction, i.e., the creator would not pay any gift tax on the charitable portion of the CLAT gift) or a CLAT can be created at death (in which event the creator would receive an estate tax charitable deduction, i.e., the creator’s estate would not pay any estate tax on the charitable portion of the CLAT gift).

It is possible to create a CLAT so that the creator receives an income tax charitable deduction for the CLAT payments to charity. It is more common, however, for the creator to forgo the individual income tax charitable deduction to allow the CLAT, instead, to receive an income tax deduction for the annual payments to charity. In that case, the CLAT would pay income taxes only on income (including capital gains) in excess of the amounts paid to charity. This income tax deduction enhances the wealth transfer inherent in the CLAT, as it will decrease the income taxes payable by the CLAT and, thus, increase the property available to pass to family members at the end of the Charitable Term.

One can design a CLAT that results in no taxable gift by setting the annual payments to charity at a level that results in the present value of those annual payments being equal to the value of the assets transferred to the CLAT. There will be no taxable gift because all assets of the CLAT will be consumed by making the annual payments to charity if the investment return earned by the CLAT's assets equals the IRS discount rate used in calculating the present value of the payments to charity. To the extent that the investments of the CLAT outperform the IRS discount rate, the excess value will pass to family members at the end of the Charitable Term *free of gift and estate tax*. The IRS discount rate is 120% of the federal mid-term rate—a rate that fluctuates with interest rates on U.S. Government securities. Thus, it is particularly opportune to create a CLAT when interest rates are low, as they are today, making it more likely that the future income and appreciation on the CLAT's assets will exceed the IRS discount rate at the time the CLAT is created. Because the tax free wealth transfer achieved by a CLAT will be enhanced most significantly by appreciation in the value of the CLAT's assets, the ideal time for setting up a CLAT is when asset values are relatively low.

It might be helpful to give a specific illustration of how a CLAT might work. Assume, for example, that (a) in January 2012 you create a CLAT with a 20-year Charitable Term and fund it with \$2 million, and (b) the annual payment to charity is designed so that the gift to the CLAT would result in no taxable gift, i.e., the discounted present value of the annual payments to charity would equal \$2 million:

- The IRS discount rate for January 2012 is 1.4%. The CLAT rules permit you to select the most favorable of the rate for the month the CLAT is created and the two months preceding it. You would select the more favorable discount rate for both November 2011 and January 2012 of 1.4% over the 1.6% discount rate for December 2011. Thus, if the average annual after-tax return (income plus appreciation) on the CLAT assets over the Charitable Term exceeds 1.4%, the excess return would pass to your family members at the end of the Charitable Term free of gift tax.
- Under the foregoing facts, the annual payment to charity, in order to result in no taxable gift, would be \$115,360.
- Assuming the CLAT investments earn the following average annual after-tax returns (income and appreciation, factoring in the income tax charitable deduction), your family members would receive the following respective approximate total distributions at the end of the 20-year Charitable Term:

| Average Annual Return | Distribution to Family Members at End of Charitable Term |
|-----------------------|--|
| 1% | \$ 0 |
| 3% | \$ 512,456 |
| 5% | \$1,492,000 |
| 7% | \$3,010,000 |
| 9% | \$5,307,000 |

Of course, there are a number of specific administrative and tax issues that factor into the design of a specific CLAT. Your Sidley Austin LLP estate planning attorney would be pleased to discuss with you the potential benefits of creating a CLAT, particularly in this low interest rate, low asset value environment.

Tax Consequences of Civil Unions and Same-Sex Marriages

States have taken various approaches to recognizing same-sex committed relationships. Some states, such as New York, Massachusetts, Connecticut, Iowa, Vermont, New Hampshire and the District of Columbia, permit same-sex marriage. Other states permit civil unions, which generally provide all of the benefits of marriage, at least for state law purposes. States permitting civil unions include Illinois, New Jersey, Rhode Island, Hawaii and Delaware. Other states provide more limited rights to same-sex couples through domestic partnerships. Same-sex marriages and civil unions (which in some states like Illinois can be between same-sex or opposite-sex couples) raise a myriad of income, gift and estate tax issues.

For federal tax purposes, the Defense of Marriage Act (DOMA) limits “marriage” to a legal union between a man and a woman, thus denying any federal spousal tax benefits to same-sex couples. A same-sex couple in a marriage or civil

union cannot file a joint federal income tax return or claim the marital deduction for gift or estate tax purposes. It is yet to be determined whether opposite-sex couples in a civil union can file joint federal income tax returns and take advantage of the marital deduction for federal gift and estate tax purposes.

The future of DOMA is unclear. A number of court cases are challenging DOMA in various contexts and in February 2011 the Attorney General informed Congress that the Justice Department will take the position that DOMA should be struck down as a violation of equal protection.

On the state side, income and estate tax treatment of same-sex relationships is “under development.” Here are updates on the status of these issues in Illinois and New York.

Illinois

On June 1, 2011, the Illinois Religious Freedom Protection and Civil Union Act became effective permitting civil unions between same-sex and opposite-sex couples in Illinois. The Illinois Civil Union Act provides that a party to a civil union is entitled to the same legal obligations, responsibilities, protections and benefits as are afforded or recognized by the law of Illinois to spouses. Thus for Illinois purposes, a civil union is the same as a marriage, except that it is not called a marriage.

Illinois Income Tax. For income tax purposes, the Illinois Department of Revenue reached an agreement with civil rights organizations to permit same-sex couples in civil unions to file their state income tax returns jointly. The Illinois Department of Revenue website now contains details on Illinois income tax filing requirements for same-sex couples in a civil union. Same-sex civil union couples must file Illinois income tax returns as married, even though their marital status is not recognized for federal tax purposes. Even if a same-sex couple has filed federal returns with a filing status of “single” or “head of household,” they must still file Illinois income tax returns using a married filing status (i.e., married filing jointly, married filing separately) and a “dummy” federal income tax return as if they were married for federal tax purposes. Same-sex couples who were in a civil union as of December 31, 2011 will be considered married for the entire year, and must file their returns using a married filing status starting in tax year 2011.

It appears that opposite-sex couples in a civil union should file both federal and Illinois returns as if they were married. An August 30, 2011 letter from a Senior Technician Reviewer at the Department of Treasury stated that opposite-sex parties to an Illinois civil union are considered “husband and wife” for purposes of section 6013 of the Internal Revenue Code and are not precluded from filing jointly. While this letter is not authoritative, it is the only guidance we have at this point. The Illinois Department of Revenue website notice assumes that opposite-sex parties to a civil union are treated as married for federal income tax purposes and instructs them to follow the Illinois income tax instructions for married couples.

Illinois Estate Tax. The Illinois Department of Revenue has not issued any guidance on the issue of whether an Illinois marital deduction is available for Illinois estate tax purposes. With respect to same-sex parties to a civil union, the logic of the Department of Treasury letter would lead to the conclusion that such couples should be entitled to claim the marital deduction for gift and estate tax purposes. If a federal marital deduction is permitted, an Illinois marital deduction should be permitted.

New York

On July 24, 2011, New York enacted the Marriage Equality Act (the “Act”), providing all marriages, whether of same-sex couples or opposite-sex couples, equal treatment under all laws of the state of New York. On July 29, 2011, the New York State Department of Taxation and Finance issued two Technical Memoranda explaining the implementation of the Act with regard to New York’s estate and income taxes.

New York Income Tax. For income tax purposes, the Technical Memoranda state that same-sex married couples must file New York personal income tax returns as married, even though their marital status is not recognized for federal tax purposes. Even if a same-sex couple has filed federal returns with a filing status of “single” or “head of household,” they must still file New York personal income tax returns using a married filing status (i.e., married filing

jointly, married filing separately) and a “dummy” federal income tax return as if they were married for federal tax purposes. Same-sex couples who are married as of December 31, 2011 will be considered married for the entire year, and must file their returns using a married filing status starting in tax year 2011.

New York Estate Tax. According to the Department of Taxation and Finance, as a result of the Act, for New York estate tax purposes, the term *spouse* includes both same-sex spouses and opposite-sex spouses. In the case of a same-sex couple, the gross estate of an individual married to a same-sex spouse must be computed on a pro forma federal return, as if the marriage were recognized for federal estate tax purposes. The pro forma federal return must be filed with the New York estate tax return. If the estate of an individual who died while married to a same-sex spouse is required to file a federal estate tax return, both the pro forma federal return and the actual federal return must be attached to the New York return.

2012 Transfer Tax Exclusions

The federal lifetime exclusion for 2012 is \$5,120,000. (This is the federal exclusion for 2011 of \$5,000,000, plus an inflation adjustment.) Thus you can make lifetime taxable gifts of \$5,120,000, less any portion of the lifetime exclusion that you previously used, in 2012 without paying gift tax. Any part of the lifetime exclusion not used during life is applied against estate taxes at death. Under current law the lifetime exclusion will revert to \$1,000,000 in 2013. Many clients may wish to take advantage of the temporarily increased lifetime exclusion to make gifts to descendants and trusts for descendants. While most estate planning attorneys expect Congress to increase the exclusion for 2013 and later years to at least \$3,500,000 and possibly as much as \$5,000,000, there is no guarantee that Congress will do so.

The federal generation-skipping transfer (GST) exemption for 2012 is \$5,120,000. (This is the federal GST exemption for 2011 of \$5,000,000, plus an inflation adjustment.) The GST exemption can be applied to gifts to grandchildren or more remote descendants, or to trusts for such descendants, to avoid a GST tax when such gifts are made or when distributions are made from such trusts. Note that even if GST exemption is applied to a gift, gift or estate tax will still apply to such gift. The GST exemption merely avoids a double tax by avoiding the imposition of a GST tax.

The gift tax annual exclusion for 2012 remains at \$13,000. A married couple can collectively make gifts of \$26,000 (two times the annual exclusion) to an individual if they file gift tax returns and make the split-gift election.

Illinois recently passed legislation increasing the Illinois estate tax exclusion from \$2,000,000. For 2012 the Illinois exclusion will be \$3,500,000. For 2013 and later years the Illinois exclusion will be \$4,000,000. Note that so long as the federal exclusion remains at \$5,000,000 there is still a gap between the Illinois exclusion and the federal exclusion, requiring special planning in the estate planning documents for Illinois residents.

The New York exclusion remains at \$1,000,000. A bill was introduced in New York on January 4, 2012 that would raise the New York exclusion to \$2,000,000 in 2012, \$3,000,000 in 2013, \$4,000,000 in 2014 and \$5,000,000 in 2015 and later years. We do not know whether the bill is likely to pass. Florida and California continue to have no state estate taxes.

Florida Powers of Attorney

The Florida statute on powers of attorney was substantially revised effective October 1, 2011. The new law does not invalidate powers of attorney established under prior law. Nevertheless, it is advisable for Florida residents, as well as nonresidents who spend a significant part of the year in Florida, to sign a new power of attorney.

Basics. A power of attorney is a document by which you can designate an agent with authority to act on your behalf. The agent is sometimes referred to as an “attorney in fact.” The person granting this authority is known as the “principal.” If a power of attorney states it is not terminated by the subsequent incapacity of the principal, it is called a “durable” power of attorney. A power of attorney applies to any real or personal property interests owned by the

principal, unless the document specifies limits or exceptions. Powers of attorney are commonly used in estate planning as a technique to avoid court-supervised guardianship.

Overview. The new law is a modified version of the Uniform Power of Attorney Act, and is intended to achieve greater uniformity of Florida powers of attorney with those of other states.

Execution and Termination. Florida still requires the principal to sign the document in the presence of two witnesses, all before a notary public. However, a power of attorney executed in another state is valid in Florida even if it does not comply with Florida's requirements, as long as it complied with the state of origin's requirements.

The new law does away with most springing powers of attorney (those that "spring" into effect upon a certain event such as incapacity). To revoke a prior power of attorney, the principal executes a written document expressing that intention. A revocation is not required to be witnessed or notarized, although this is advisable. A photocopy or electronic copy of the original power of attorney now has the same effect as the original. A power of attorney terminates upon the death of the principal.

Agents. The principal may name a single agent or multiple co-agents. If co-agents are named, each may exercise its authority independent from the others. Under prior law, unless the document specifically stated, all agents were required to act jointly.

Compensation. Under the new law, an agent is entitled to reimbursement for expenses reasonably incurred while acting in the capacity of agent. However, a big departure from the prior law is that only a "qualified agent" may receive compensation for services rendered. A qualified agent is defined as a spouse or an heir of the principal, a financial institution with trust powers and a place of business in Florida, an attorney or accountant licensed in Florida, or a natural person who is a resident of Florida and who has never been an agent for more than three principals at a time.

Powers. One of the biggest changes from prior law is all powers must be specifically enumerated in the document and certain of those powers require the principal to sign or initial next to the enumerated power. Prior law had no such requirement and the document could include a general power such as "to do all acts that I could have done and to act in my stead." Under the new law, such a broad grant of power is ineffective. Examples of types of powers that require the principal to specifically sign or initial include:

- Create a living trust;
- Amend, modify, revoke or terminate a trust created by the principal (if the trust also permits it);
- Make a gift; and
- Create or change a beneficiary designation.

In an apparent attempt to curb financial abuse theft, at least by non-family members, the agent may not create in himself or herself an interest in the principal's property, whether it is through gift, by beneficiary designation, by changing title to an account or asset, or otherwise. This prohibition does not apply to a spouse, ancestor or descendant of the principal.

Acceptance. When a power of attorney is presented to a third party, the new law requires that third party to accept or reject the power of attorney within a reasonable time (four business days) and to provide a written explanation for rejection. The new law also provides for damages, including attorney's fees and costs, from a third party who refuses to accept a power of attorney that is in proper form and properly executed.

Conclusion. The new Florida power of attorney law adds, deletes, and modifies many additional powers not mentioned in this summary. Accordingly, you should contact a qualified Florida attorney to fully explain how the changes affect you and whether it is advisable for you to execute a new power of attorney to ensure that you will have the full rights, privileges, and protections provided by the new law.

Illinois Powers of Attorney

Illinois also recently revised its power of attorney statute. As part of such revision, Illinois updated its statutory forms for powers of attorney for property and powers of attorney for health care effective July 1, 2011. Powers of attorney that use the old statutory forms will remain valid. Nonetheless, you may wish to sign a new power of attorney for property and a new power of attorney for health care when convenient to use the new statutory forms and to make certain that your choices for agent and successor agent reflect your current wishes. In addition, we recommend that you sign a new power of attorney for property every few years because some financial institutions are reluctant to accept powers of attorney that are more than a few years old even if such powers are legally valid.

Gift Tax Rules

When Are 2011 Gift Tax Returns Due? Your 2011 gift tax return is due on April 17, 2012. Tax returns that would ordinarily be due on April 15 are due on April 17 in 2012 because April 15 is a Sunday and April 16 is the Emancipation Day holiday in the District of Columbia. Any extension of time granted for filing your calendar year 2011 federal income tax return will automatically extend the time to file your 2011 federal gift tax return. Alternatively, you may apply for an extension to file your federal gift tax return using Form 8892. An extension of time to file your gift tax return, however, does not extend the time to pay any gift tax that may be due.

What Counts as a Gift? In general, any gratuitous transfer to or for the benefit of another is a gift and is subject to gift tax unless a special exclusion or credit applies. Even gratuitous transfers to your children are considered gifts for gift tax purposes, except to the extent that you have a legal obligation to support such family member. You are making a gift whenever you:

- Give cash, stock, bonds or other assets to another, to a bank account or custodian account for another, or to a trust for the benefit of another.
- Give tangible personal property, such as jewelry, art or furniture, to another.
- Pay any liability of another, for example your children's credit card bills or your children's income taxes.
- Pay living expenses for another, even for your parents or adult children.
- Sell assets to another for less than fair market value.
- Make a loan to another without interest or with interest at a below-market rate.
- Make a "loan" to another that you know cannot be repaid or with the intention that it not be repaid.

If you ever have a question about whether a certain transaction is a gift, you should seek professional guidance. With certain exceptions, you are required to report gifts made in any calendar year on a gift tax return filed on or before April 15th of the following year, even if no gift tax will be due.

Lifetime Exclusion. Each individual has a lifetime exclusion from federal gift and estate taxes of \$5,000,000 for 2011 and \$5,120,000 for 2012. Under current law, the lifetime exclusion will revert to \$1,000,000 in 2013. To the extent an individual does not use his or her exclusion during life, the remaining exclusion will be used at death to reduce federal estate taxes if a federal estate tax is then in effect.

Annual Exclusion. Each individual may make annual exclusion gifts of up to \$13,000 per individual each year. (The original annual exclusion amount of \$10,000 is adjusted for inflation since 1999, but only in \$1,000 increments.) Annual exclusion gifts are free from gift taxes and do not reduce your lifetime exclusion. To qualify for the annual exclusion, a gift must confer a "present interest" to the recipient. Outright gifts and gifts to custodian accounts under the Uniform Transfers to Minors Act qualify for the annual exclusion.

Gifts to Trusts. The entire amount of a gift to a trust does not qualify for the annual exclusion, with two exceptions. First, gifts to 2503(c) Trusts (named after that section of the Internal Revenue Code) qualify for the annual exclusion. A 2503(c) Trust can be established only for an individual under age 21 and must give the individual the right to

withdraw the assets of the trust at age 21. Second, gifts to trusts under which the beneficiary has a right to withdraw the gift for a reasonable period of time after it is made may also qualify for the annual exclusion.

Split-Gift Election. A wife and husband may make a special election to be treated as if each of them had made one-half of all of their gifts during the year. This election permits a married couple to use their annual exclusions to collectively give \$26,000 per individual without regard to who actually made the gift. For example, if during a calendar year Wife gives \$26,000 to Daughter, and Husband makes no gifts to Daughter, \$13,000 of Wife's gift would qualify for the annual exclusion and \$13,000 would be treated as a taxable gift. However, if Husband makes the split-gift election, the entire \$26,000 gift would qualify for the annual exclusion. A gift tax return must be filed to make a split-gift election.

Gifts from a joint bank account may be considered to be made solely by the person making the withdrawal from the account or signing the check, if one of the joint owners can withdraw funds without the other's consent. Thus if one spouse makes a gift by writing a \$26,000 check on a joint bank account, generally a gift tax return should be filed and the other spouse should make the split-gift election to ensure that the other spouse's annual exclusion may be applied against the gift. Alternatively, to avoid the need to make a split-gift election, each spouse could write a \$13,000 check to the recipient or both spouses could sign a single check.

Exclusion for Education and Medical Care Payments. Certain direct payments for another's education or medical care are free from gift tax, do not count against your \$13,000 annual exclusion and do not reduce your lifetime exclusion. There is no dollar limitation on qualifying educational and medical care payments.

The educational expense exclusion applies to payments made directly to an educational organization for another's tuition. "Tuition" does not include payments for room and board, books, supplies or travel to the school. The educational institution must maintain a regular faculty and curriculum and have a regularly enrolled body of students in attendance at the place where its educational activities are carried on. Tuition for part-time students will qualify. The tuition need not be for a program that leads to a degree or similar award.

The medical care expense exclusion applies to payments made directly to the medical care provider (1) for the diagnosis, cure, mitigation, treatment or prevention of disease; (2) for the purpose of affecting any structure or function of the body, unless for purely cosmetic purposes; (3) for transportation primarily for and essential to health care; and (4) for amounts paid for medical insurance. The medical care exclusion does not apply to amounts paid for medical care that are reimbursed by insurance.

Tuition and medical care payments qualify for the exclusion only if they are paid directly by you to the school or health care provider. If you write a check to your child in the amount of your child's tuition, and your child then pays for tuition, the gift will not qualify for the educational exclusion.

Marital and Charitable Deductions. Gifts to your spouse may qualify for the gift tax marital deduction if certain requirements are met. If your spouse is a United States citizen, there is no dollar limitation on the marital deduction for qualifying gifts. Professional guidance may be needed to determine whether a particular gift to your spouse qualifies for the marital deduction.

Certain gifts to charitable organizations qualify for the gift tax charitable deduction. There is no dollar limitation on the charitable deduction for qualifying gifts. Professional guidance may be needed to determine whether a particular charitable gift qualifies for the gift tax charitable deduction.

Generation-Skipping Transfers. Gifts to grandchildren or more remote descendants, or to individuals who are deemed to be in the same generation as your grandchildren or more remote descendants, may also be subject to a generation-skipping transfer ("GST") tax. The GST exemption for 2011 is \$5,000,000 and for 2012 is \$5,120,000. The following discussion applies to gifts made while the GST tax is in effect. Outright gifts that qualify for the gift tax annual exclusion will also qualify for the generation-skipping annual exclusion, but gifts to trusts that qualify for the gift tax annual exclusion will not necessarily qualify for the generation-skipping annual exclusion.

In addition, future distributions from a trust to grandchildren or more remote descendants may be subject to GST tax. Each individual has a GST exemption that may be assigned to gifts to avoid GST tax now or in the future. The GST exemption is separate from the gift and estate tax exclusions. If you make any gifts to trusts that could benefit grandchildren or more remote descendants (or individuals who may be deemed to be in the same generation) you should seek professional guidance to determine whether you should assign a portion of your GST exemption to the gifts.

When Must a Gift Tax Return Be Filed? A gift tax return generally must be filed whenever you make a gift that does not qualify for the gift tax annual exclusion, the educational expense exclusion or the medical care expense exclusion. Although a gift tax return does not need to be filed to report outright gifts to U.S. citizen spouses and to charities, a gift tax return must be filed to report gifts to trusts for charities and spouses. A gift tax return must be filed in order for your spouse to make a “split-gift” election, even if your aggregate gifts per individual do not exceed \$26,000 for the year. A gift tax return must be filed even if no gift tax will be due because of your lifetime exclusion.

CHICAGO

312.853.7000

| | | | |
|----------------------|-----------------------|----------------------|-----------------------|
| SUSAN T. BART | SBART@SIDLEY.COM | FRANK L. BIXBY | FBIXBY@SIDLEY.COM |
| MICHELLE R. CANERDAY | MCANERDAY@SIDLEY.COM | REBECCA A. EBERHARDT | REBERHARDT@SIDLEY.COM |
| JACLYN GOLDIS | JGOLDIS@SIDLEY.COM | JAMES W. HITZEMAN | JHITZEMAN@SIDLEY.COM |
| JORDAN A. KLEIN | JKLEIN@SIDLEY.COM | CAMILLE LU | CAMILLE.LU@SIDLEY.COM |
| JOHN M. MCDONOUGH | JMCDONOUGH@SIDLEY.COM | KATHLEEN O. SCALLAN | KSCALLAN@SIDLEY.COM |
| PAUL A. SVOBODA | PSVOBODA@SIDLEY.COM | LYMAN W. WELCH | LWELCH@SIDLEY.COM |

NEW YORK

212.839.5300

| | | | |
|---------------------|------------------------|----------------------|-------------------|
| SUSAN D. HARRINGTON | SHARRINGTON@SIDLEY.COM | SAMANTHA BRINN MEREL | SMEREL@SIDLEY.COM |
|---------------------|------------------------|----------------------|-------------------|

Private Clients, Trusts & Estates Practice of Sidley Austin LLP

Sidley Austin LLP’s Private Clients, Trusts & Estates lawyers provide comprehensive tax and estate planning advice to individuals, fiduciary counsel to banks, trust companies and financial services institutions, and advice to charitable entities. We draw on the resources of the firm’s tax, corporate, real estate and litigation lawyers to provide customized, cost-effective legal services to our individual clients. To receive future copies of this and other Sidley newsletters via email, please sign up at www.sidley.com/subscribe

BEIJING BRUSSELS CHICAGO DALLAS FRANKFURT GENEVA HONG KONG LONDON LOS ANGELES NEW YORK
PALO ALTO SAN FRANCISCO SHANGHAI SINGAPORE SYDNEY TOKYO WASHINGTON, D.C.

www.sidley.com

Sidley Austin LLP, a Delaware limited liability partnership which operates at the firm’s offices other than Chicago, New York, Los Angeles, San Francisco, Palo Alto, Dallas, London, Hong Kong, Singapore and Sydney, is affiliated with other partnerships, including Sidley Austin LLP, an Illinois limited liability partnership (Chicago); Sidley Austin (NY) LLP, a Delaware limited liability partnership (New York); Sidley Austin (CA) LLP, a Delaware limited liability partnership (Los Angeles, San Francisco, Palo Alto); Sidley Austin (TX) LLP, a Delaware limited liability partnership (Dallas); Sidley Austin LLP, a separate Delaware limited liability partnership (London); Sidley Austin LLP, a separate Delaware limited liability partnership (Singapore); Sidley Austin, a New York general partnership (Hong Kong); Sidley Austin, a Delaware general partnership of registered foreign lawyers restricted to practicing foreign law (Sydney); and Sidley Austin Nishikawa Foreign Law Joint Enterprise (Tokyo). The affiliated partnerships are referred to herein collectively as Sidley Austin, Sidley, or the firm.

SIDLEY AUSTIN LLP
SIDLEY