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**The ESTATE/GIFT TAX (or “Unified Tax”) EXEMPTIONS and rates of tax as of 2007**

|   | Exemption   | Rate on excess | GIFT tax exemptions<br>for lifetime gifts     |
|---|---|----------------|---|
| 2007  | “   | 45%            | \$1,000,000                                   |
| 2008  | “   | 45%            | \$1,000,000                                   |
| 2009  | \$3,500,000   | 45%            | \$1,000,000                                   |
| 2010  | unlimited   |                | (continues, and at 35% rate)                  |
| Annual gift tax exclusion:                  |   |                | \$11,000 or \$22,000 from spouses<br>jointly. |
| Generation-Skipping Transfer tax exemption: |   |                | \$1,120,000.                                  |
| Stepped Up Basis:                           | Until 2010 it remains unlimited.                      |                |   |
|   | In 2010:  |                |   |
|   | Limited to \$1.3 million when passing to a non-spouse |                |   |
|   | Limited to \$3 million when passing to a spouse       |                |   |

The “Family Owned Business Deduction of \$1,300,000 was repealed effective 2004

Capital gains exemption on personal residences flow through to the estate for the benefit of heirs:

\$250,000 per spouse

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