



Dear Reader,

Thank you for your interest in *Passing the Bucks*.

Our book consists of 2 parts. Part 1 is devoted to business succession planning. The fact remains that 70% of all businesses fail to survive to the second generation and nearly 85% don't make it to the third. The primary reason for this: failure to plan. The book will show you how to develop and implement a succession plan to help you and your business beat the odds.

Part 2 is all about estate planning – the art of making sure that the wealth you spend your lifetime accumulating is protected, preserved, and passed on as you would want it to be. As with business succession, planning is the key. The book details a variety of techniques that will help you minimize estate taxes and meet your legacy objectives.

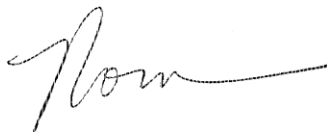
Since our book was originally published in 1999, there have been several changes to the estate and gift tax rules and rates. The Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") established a series of changes that occurred from 2001 to 2010. The Act changed several things, but the most significant and widely discussed were the changes to the transfer tax. The Estate and GST Tax deathtime transfer exemption was gradually increased from \$675,000 to \$3.5 million and the maximum tax rate dropped from 55% to 45%. The lifetime gift exemption was capped at \$1 million. In 2010, the tax was repealed entirely for transfers at death. Other changes included the repeal of the step up in basis at death rule, the reduction on the State Death Tax credit, and a gradual increase in the annual gift exclusion from \$10,000 to \$13,000.

All of the tax changes in the Act would have expired as of January 1, 2011 and the law would have reverted to the pre-2001 rules; this was the so-called "sunset" provision. Instead, Congress put in place a temporary reform, and then eventually "permanent" reform in The American Taxpayer Relief Act of 2012 (ATRA). This set the exemption for both lifetime and deathtime transfers at \$5,000,000, indexed annually for inflation (so \$5,430,000 as of 2015), and set the maximum estate tax rate at 40%. The annual gift exclusion per donee is \$14,000 as of 2015, and is indexed for inflation from time to time.

As you read the book, the numbers in the specific examples will change as estate tax rates change, however the tools and techniques remain valid and valuable. The importance of planning for an orderly transfer of assets from one generation to the next remains a critical responsibility for anyone who owns a business or has an estate that they wish to preserve. The choices remain the same and there are only 3 places your money can go when you die: the government, charity, or your family (or other desired heirs). The choice is still yours, but only if you plan ahead.

Another important change since 1999 is the name and location of our company. We are now **Pappas Financial**, located in Farmington Hills, MI. The new location was selected to accommodate the needs of our growing staff, as well as to provide a pleasant and accessible location for our clients. We would love to have you visit! Our company web site is now: <http://www.pappasfinancial.com>

I wish you great success in all of your life goals and I hope that our book can play some small role in helping you achieve them.



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