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**Industry Updates & Trends**

# The Forest Focus

Summer 2011

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Forest Products Credit by AgChoice FC*

## Major Estate Tax Relief – For Now

There is one subject that draws a consensus among business owners: Estate, gift and inheritance taxes – “death taxes” – are unfair and often have unintended consequences, like impeding the successful transfer of timberland and the family forestry business to the next generation.

There is good and bad news to report regarding current federal estate tax law. First the good news: Substantial federal estate tax law relief was passed in late 2010 for tax years 2011 and 2012. For the next two years ending December 2012, the new law allows for lifetime gifts of up to \$5.0 million per individual, \$10.0 million if you are married, without being subjected to federal gift tax. Shifting up to \$10 million of estate value to the next generation could significantly reduce – if not eliminate – future death taxes for your family. Keep in mind that you can still gift \$13,000 annually to any number of individuals on top of this lifetime gift exemption.

Now the bad news: The tax break is temporary. It is set to expire in January 2013. The outcome of the 2012 national elections will dictate what form federal estate tax law will take after 2012.

We know that business owners are naturally reluctant to surrender control of their life’s work just to avoid death tax. While this is rational, there are time-tested strategies to allow the transfer of a substantial amount of your estate while retaining full legal control. As you might expect, these strategies have a number of moving parts that require the assistance of professional advisors, so allow a sufficient amount of lead time to start your plan before January 2013.



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The bottom line is that you have been granted a once-in-a-lifetime financial planning opportunity to sidestep future federal estate tax if you take bold action now to design and execute your estate transfer plan. After 2012, it is anyone’s guess what the federal estate/gift tax law will look like, which elevates the importance of executing your plan now using the clarity of the new tax law.

Your AgChoice team is ready to answer your questions about the new federal estate/gift tax law and provide leadership to develop your estate transfer plan before the clock strikes 2013.

**Mark your  
calendar!**

**Plan on attending the 2011 Forest Products Development Program co-sponsored by AgChoice Farm Credit and the Pennsylvania Forest Products Association (PFPA) on September 14.** The meeting will be held in conjunction with the PFPA Annual Meeting at the Ramada Inn & Conference Center in State College, Pa. For a registration form call (800) 327-6878 or e-mail [coudersportinfo@agchoice.com](mailto:coudersportinfo@agchoice.com). For those planning to remain in the forest products industry, this is a “must-attend” event. We hope to see you there!

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