

Dental Services Practice Financial Check-Up : *for you*

August, 2010

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Welcome to the Fall Issue of *Financial Check-Up: for you*

We at Elliott Davis hope you are having an enjoyable summer. In this issue, we take a look at a letter that has been prepared by our personal financial services department. These are uncertain times and estate taxes are really in a state of flux. Even in this environment, you will see that there are steps you can take to protect your family and yourself. Should you have any questions about estate taxes, please feel free to contact us.

Bo Elliot

Estate Tax Update

This letter is to inform you about potential actions that you may need to take due to current and future estate tax law changes.

Current Estate Tax Law

You may know that federal estate and generation-skipping (GST) transfer taxes were suspended for 2010. This suspension was put into legislation in 2001 under President George Bush, along with several other popular tax cuts. However, with years of lead-time, it was anticipated that Congress would act to reverse the suspension before it took effect – this did not happen.

While it's still uncertain how Congress will address this situation, some anticipate that any new legislation will be retroactive to January 1, 2010 (although there are some questions as to whether that would be constitutional). Others suggest that Congress will allow this suspension to sunset, or expire, as it's currently set to do. This expiration would reset the tax rules effective January 1, 2011, to pre-2001 estate transfer tax rules and rates.

The pre-2001 rules include a \$1 million federal estate tax exemption, a federal GST tax exemption of \$1 million (indexed for inflation) and a 55% top federal estate tax rate. In addition, the federal gift tax will return to its pre-2001 rules and will mirror the estate tax with a \$1 million exemption and a 55% top federal tax rate. Most experts believe this will not occur. The general feeling is that Congress will settle at the 2009 tax rules, which are a \$3.5 million federal estate and GST exemption with a 45% top rate. However, nothing is certain when it comes to predicting the actions of Congress.

Items to Consider

Gift Taxes

While the federal and GST transfer taxes are temporarily suspended, the gift tax is still in effect. The maximum rate is 35% (down from the 2009 rate of 45%). The lifetime exemption limit is \$1 million and the annual exclusion amount remains the same as

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 **elliott davis** : *for you*



2009 at \$13,000 per done. But, the caveat here is similar to above: we do not know if Congress will change these amounts and attempt to do so retroactively.

Current Estate Plan

The overarching concern here is for people who pass away in 2010. Most estate plans (wills, trusts, etc.) were written referencing transfer taxes that currently do not exist. If you pass away in 2010, and Congress has not changed the current rules, your carefully laid estate plan could end up being irrelevant and/or allow assets to pass far differently than your intention. We are recommending that you review your estate and trust documents. The following circumstances are examples of situations where you may need to make changes:

- Wills and trust documents containing provisions for second marriages
- Wills and trust documents having formula clauses
- Wills and trust documents containing GST planning and charitable gifting provisions
- Wills prepared before 2001

Life Insurance and Other GST Trusts

With the GST transfer taxes currently suspended, any gift to a GST trust during 2010 could potentially have negative consequences. In most instances, GST trusts are carefully designed to ensure that each gift maintains the trust's GST exempt status. Under these current rules, a gift to this trust could jeopardize this status. An alternative to gifting would be for the grantor to make a loan to the trust. If you are making or planning to make a gift to a GST trust in 2010, please contact us.

Sincerely,
ELLIOTT DAVIS, PLLC

QuickBooks Tips

Q: How often should you back-up QuickBooks?

A: It's very important to back-up your data to an external location on a regular basis. How often you back-up depends on how much data you enter on a daily, weekly, or monthly basis. For instance, if you feel comfortable re-entering a week's worth of data, then a weekly back-up should be sufficient. It's also extremely important to keep a copy of your back-up offline.

If you use Remote Accounting Solutions (RAS) to transfer your QuickBooks file to us, you'll be comforted to know that a back-up copy of your data file is made every time your file is transferred. Should you ever need another copy of your QuickBooks file, you can retrieve one from RAS as some of our clients have done in the past.

You can set up QuickBooks to schedule a back up daily or on specific dates. If you'd like to manually make a back-up copy, go to File, Save Copy or Back-up, Select Back-up Copy, Local Back-up, Browse for location to save your back-up copy to, and click OK.

If you have any QuickBooks questions or have a topic you'd like us to address in future newsletters, please call [Theresa Kaake](#) at 704.808.5235 or [Karin Gillespie](#) at 704.808.5233.

Upcoming Events


September, 2010	MUSC, Lunch & Learn for 3 rd & 4 th yr students <i>Date and speaker TBD</i>
October 15, 2010	St Mary's, GA Dental Study Club <i>Susan Harris</i>
December, 2010	Raleigh, NC Dental Study Club <i>Shanna Morales</i>
January 25-February 2, 2011	Steamboat, CO (McGill & Hill Group resort seminar) <i>Bo Elliot speaks on the 25th</i>
February 8-12, 2011	St Thomas, USVI (McGill & Hill Group resort seminar) <i>Bo Elliot speaks on the 8th</i>

About us:

Since 1925, Elliott Davis, PLLC has been the accounting, tax and consulting services firm that provides our clients the solutions needed to achieve their objectives while offering our people rewarding opportunities. Today, Elliott Davis has more than 400 employees in 10 offices throughout the Southeast. Our Dental Services Practices assists dentists across the U.S. in making informed decision about their practices. From analyzing needs to developing and implementing solutions, our services include:

Accounting services	Financial management
Compliance	QuickBooks set-up and training
Cost reduction strategies	Tax return preparation
Entity structure planning	Tax planning

Our Dental Services Practice is affiliated with the McGill & Hill Group. A one-stop financial services resource providing transitions, tax and business planning, legal, accounting, investment advisory and retirement plan services exclusively for the dental profession. Elliott Davis is also a member of The Leading Edge Alliance, an international professional association of independently-owned accounting and consulting firms based in the U.S., and is strategically aligned with LEA Europe and LEA Asia Pacific, a worldwide network of 450 offices in 90 countries around the globe. For more information about Elliott Davis and its services, visit www.elliottdavis.com.

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