

This is your Release #8 (March 2009)

Estate Planning & Chapter 14

Understanding the Special Valuation Rules

by Cheryl E. Hader

This eighth release to *Estate Planning & Chapter 14* updates Cheryl Hader's in-depth analysis of the special valuation rules. Highlights of the release include the following:

For a discussion of the creation of a **Joint Purchase Personal Residence Trust** as an attempt to eliminate the risk of inclusion of the property in the gross estate of the grantor under section 2036(a) if the grantor dies before the end of the term of his retained interest, *see new § 11:7*.

In a reversal of its past position, the IRS subsequently issued regulations, effective July 14, 2008, that would cause the corpus of a GRAT (or other retained annuity, unitrust or income interest) to be included in the gross estate of a grantor who does not survive the term under section 2036(a), rather than section 2039. *See § 12.2.13*.

See § 16:2.2 for discussion of a recent Private Letter Ruling illustrating the “**majority ownership by non-family members**” exception to section 2703(a).

See new § 17:6 for coverage of *Holman v. Commissioner*, in which the IRS finally achieved some success **applying section 2703 to a family limited partnership**. *See new § 17:7* for a description of **restricted management accounts (RMAs)**, which are somewhat analogous to family partnerships.

Revised Appendix 21A, Restrictions on Withdrawal in Limited Partnership Statutes, and *revised Appendix 21B, Restrictions on Withdrawal in Limited Liability Company Statutes*, offer an up-to-date, comprehensive, easy-to-read comparison of those statutes for all fifty states and the District of Columbia.

(continued on reverse side)

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FILING INSTRUCTIONS

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