

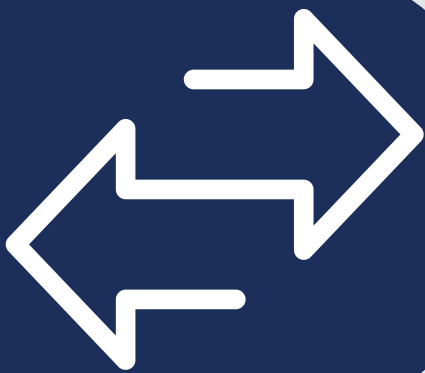


Making The Most Of **BASIS STEP UP**



Be mindful when deciding how to title property

Married couples who live outside community property states may want to hold certain assets fully in one spouse's name or opt in to optional community property rules if they are available.



Consider a "transfer-and-inherit" strategy

This strategy is attractive to couples outside community property states if it is likely one spouse will survive the other. In such a scenario, the couple could transfer certain assets into the name of the spouse expected to die first, securing a full basis step-up if they are left to the surviving spouse.



Consider 'upstream' giving

If you have a strong relationship with your parents and their estate is small enough that federal estate tax is not a concern, you can give them assets with the understanding that they will leave them to your children (their grandchildren). This allows you to take advantage of making a lifetime gift while still allowing your children to benefit from a step-up in basis.



Use trusts mindfully

Revocable trusts generally do not remove assets from your estate. Irrevocable trusts can remove assets from your estate, making them useful if you worry about federal estate tax but sacrificing the possibility of a basis step-up.



Donate to tax-exempt charities

Donating appreciated assets directly to tax-exempt charities can be an alternative way to handle highly appreciated assets.