

# *AALU's Washington Report*

*Premier analysis of federal legislative and regulatory developments for the nation's 2000 most advanced life insurance planners, focusing on business, estate, qualified and nonqualified retirement planning.*

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**Subject: Estate Tax Repeal Appears Again On The Congressional Agenda**

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*It is being reported in Washington that Senator Nickles (R-OK), Chairman of the Senate Budget Committee, is considering a number of approaches to advancing estate tax repeal or minimization.*

In keeping with President Bush's professed intention ultimately to repeal the estate tax, it is understood that Senator Nickles will propose various procedural steps in the pending Senate budget process which are intended to advance and expand the window during which estate tax repeal will be effective. As you know, at the current time such repeal will be effective for one year, 2010. Senator Nickles, who has announced his retirement from the Senate at the end of this session, may seek to advance that to 2009 so that the repeal window would cover two years, 2009 through 2010. Efforts by proponents of repeal to remove the now well-known 2011 sunseting would be left to a future time.

It is also reported that Senator Nickles is considering a compromise approach, by which the first \$3,500,000 of gross estate would be exempted from the reach of the estate tax (i.e., \$7 million for the marital unit) and the estate tax marginal rate would be reduced by perhaps 2 to 3 percent per year, until that rate bottoms out at approximately 15 to 20 percent -- a percentage roughly comparable to current capital gains rates.

It is not certain at this time that either one of these approaches -- the repeal window expansion approach and the compromise reform approach -- will have sufficient strength, at least in this Congressional session, to reach the stage of serious formal consideration. Our primary purpose here is to keep you apprised of current developments so that you may follow the progress of these potentially important matters. We are by no means predicting that Senator Nickles' efforts will reach fruition -- only that the public Congressional reawakening of this estate tax subject seems to be upon us.



Preserving and expanding opportunities for advanced life insurance planning through effective federal legislative and regulatory advocacy, information on key developments, and forums to help top practitioners increase their expertise and become more politically involved for the benefit of their clients.