INTRODUCTION TO PRIVATE WEALTH PLANNING:
THE ESTATE AND GIFT TAXES
Fall Semester 2015

Professors Sega and Beckwith

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COURSE DESCRIPTION: This course is an overview of the federal estate and gift tax. Beginning with the gift tax, topics covered will include what constitutes a taxable gift, what types of property transfers are not gifts, and when a gift is treated as complete for Federal gift tax purposes. Students will explore both outright gifts and gifts in trust. The course will then turn to the estate tax, including what assets are included in a decedent's estate by virtue of "strings" the decedent retained on gifts made during lifetime. The gift and estate tax marital and charitable deductions will be covered, as well as a brief introduction to various gift and estate tax techniques often employed to reduce the tax on lifetime gifts and testamentary bequests. The matters covered in class are illustrated by examples drawn from current estate planning practice, recent cases and Internal Revenue Service rulings. Students will be evaluated based on class preparation and participation, as well as a two-hour multiple-choice final exam.

This course is required for the Certificate in Estate Planning and is a pre-requisite for the 2-credit Fall semester course, Special Topics in Transfer Tax (LAWG/J-825-08) and the four credit Spring semester estate planning course, Advanced Private Wealth Transfer Seminar (LAWG-943-08).

Students generally may not receive credit for both this course and LAWJ/G-157-08, Estate and Gift Taxation. A student seeking an exception from this rule should consult the Director, Graduate Tax and Securities, before registering for this course.

PREREQUISITES: The prerequisites for this course are Taxation I (or a similar J.D. course in basic individual income taxation) and Decedents’ Estates (or a similar J.D. course such as Trusts and Estates or Probate Law). Students, particularly J.D. students who lack the latter pre-requisite should think seriously about deferring this course until they have satisfied the prerequisites unless they possess equivalent practice experience. Waivers of the prerequisites should be addressed to the Director of the Graduate Tax Program but will be granted only in special circumstances.

Students should consult CourseWare on a regular basis for updates and additional materials. When a Code section is assigned it will be assumed the students have read the section carefully and will have become generally familiar with the contents of the related Regulations. Although this is an introductory course in Estate and Gift Taxation and we will cover the statutory provisions, the emphasis will be on practical applications of the law to real-life situations. Whenever a paragraph of the Text is assigned, students are expected to read the corresponding portions of the 2015 Supplement as well.

CLASS TIME AND LOCATION: Schedule: Class will be held on Tuesday and Thursday evenings from 5:45 p.m. to 8:45 p.m. in Room 110 of the McDonough Building. Class will be held as scheduled unless you are specifically notified that our class has been cancelled or are generally notified by the Law School that all classes have been cancelled.

SNOW POLICY: In the event of heavy snow, the Law Center will follow the federal government's policy on morning closings and late openings. For morning classes, this means that when the federal government is open, the Law Center is open. When the federal government is closed, the Law Center is closed. When the federal government announces "unscheduled leave" every effort will be made to hold classes as scheduled. The Law Center will decide independent of the federal government whether to cancel late afternoon or evening classes. If we cancel, faculty teaching those classes will be telephoned by the staff of the Office of the Registrar, announcements will be made on local television stations, and an announcement will be placed on the class cancellation line, (202) 662-9446.

PARTICIPATION – PLEASE READ THIS CAREFULLY: This is an advanced course and each student is expected to prepare fully and be prepared to participate in each class. A student who is unwilling to actively participate in each class should not enroll in this course.

GRADING: The grade for this course will be based on class preparation and meaningful participation, as well as a three-hour, open book, multiple-choice final examination.

READING ASSIGNMENTS: Whenever a section in the Text is assigned, please read the corresponding section in the 2015 Cumulative Supplement

EXAM: The final examination is to be scheduled.
CLASS SCHEDULE AND ASSIGNMENTS

Class 1, Tuesday, September 1, 2015 – Mandatory Session

Class 2, Thursday, October 1, 2015 - (PROFESSOR SEGA) - Introduction to the Gift and Estate Taxes; Lifetime Wealth Transfer Planning
History of Gift and Estate Taxes
What Constitutes the “Transfer of Property?”
When Does a Gift occur and Incomplete Transfers
Annual Exclusions and Non-taxable Transfers
Crummey Powers;
“Net gifts”
Qualified Tuition Programs (Section 529 plans)
Gifts to Minors and Uniform Gifts/Transfers to Minors Act
Medical Expenses and Tuition Payments

Assignments:
Code Sections 2501, 2502, 2503, 2505.
Text Chapter 1 pp 1-3 to 1-31
IRS Forms 709 (Gift Tax Return) and Form 706 (Estate Tax Return)
Text ¶9.01; ¶9.02 (skip: ¶9.02[1]); ¶9.03; ¶9.04 (skip ¶9.04[7]-[10]); ¶9.06.

Class 3, Tuesday, October 7, 2015 - (PROFESSOR SEGA) - Gift Taxes – Lifetime Wealth Transfer Planning (cont.)
Direct and Indirect Gifts
Property Interests Covered
Gifts in Trust;
Income Tax Aspects of Gifts & Tax Basis;
Non-grantor trusts and grantor income trusts (basic review only);
Valuation of gifts; Introduction to valuation discounts and premiums
Transfers for Consideration
“Split” Gifts by Spouses

Assignments:
Code sections 2511, 2512, 2513,
Text ¶10.01 (skip: ¶10.01[11]); ¶10.02; ¶10.03.
Class 4, Thursday, October 8, 2015 - (PROFESSOR SEGA) - Estate Taxes –
Property Interests
The Gross Estate
Property Owned at Death
Valuation of Temporal Property Interests
Joint Property Interests

Assignments:
Code sections 2031, 2033 and 2040.
Text Chapter ¶4.01; ¶4.02 (skip: ¶4.02[3], ¶4.02[6]-[7]); ¶4.05
(skip: ¶4.05[6]-[8]); ¶4.12.

NO CLASS ON TUESDAY, OCTOBER 13 – MONDAY CLASSES MEET ON TUESDAY

Classes 5 and 6, Thursday, October 16, 2015; Tuesday, October 21, 2015 -
(PROFESSOR SEGA) - Estate Taxes
Powers, Retained Interests, Transfers Prior to Death and
Transfers Taking Effect at Death; Powers of Appointment

Assignments:
Code sections 2035, 2036, 2037, 2038 and 2041.
Text Chapter ¶4.07; ¶4.08 (skip ¶4.08[7][b]-[c]); ¶4.09; ¶4.10; ¶4.13 (skip ¶4.13[6]).

Classes 7 and 8, Thursday, October 22, 2015 and Thursday, Tuesday 28, 2015
(PROFESSOR SEGA) - - Estate Taxes
Planning for the Surviving Spouse
Structuring the Marital Gift and Formula Clauses
The Unified Credit
Structuring Bypass Trusts
Disclaimers

Assignments:
Code sections 2046; 2056; 2518; 2012.
Text ¶5.06 (skip: ¶5.06[3][g], ¶5.06[6][b], ¶5.06[8][c], ¶5.06[8][d][iv], ¶5.06[8][f];
¶5.06[9]-[10]).
Text ¶4.13 (skip: ¶4.13[4](b) and ¶4.13[6]); ¶3.02; ¶4.18; ¶10.07.
Class 9, Thursday October 29, 2015 – (PROFESSOR BECKWITH)
The Charitable Deduction
Outright Charitable Gifts
Charitable Remainder Trusts & Charitable Lead Trusts

Assignments:
Code sections 170, 501(c)(3), 509, 2055 and 2522
Text ¶ 5.05

Class 10, Tuesday, November 3, 2015 - (PROFESSOR SEGA) - Estate Taxes –
Estate Tax Deductions
Impact of state inheritance and estate taxes
Conservation contributions

Assignments:
Code sections 2053, 2058; 2055(e)(2); 170(f)(3)(B)(iii) and 170(h).
Text ¶5.03 (skip: ¶5.03[8]); ¶4.02[7] and ¶5.05[7](c); ¶5.09.

CONTACT INFORMATION

Faculty for Estate and Gift Taxes Fall 2015:

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