The article was written by Les Christie for CNN.com. This article is only located through the internet. The article was written on December 13, 2012. The article was published online at 5:50 AM ET. The name of the article is “Taxes on big gifts slated to soar”. The URL for the article is <http://money.cnn.com/2012/12/13/pf/gift-estate-tax/index.html>.

Currently the tax rate for gifts and estates is 35% with up to $5.12 million exempt from taxes. Now as part of the fiscal cliff, gifts and estates over $1 million will be taxed at a 55% tax rate. Only the President and Congress can extend the current exemption or agree to vote on a new policy. "It's crazy," said Richard Behrendt, Director of Estate Planning for Baird's Private Wealth Management. "I bet more wealth is transferred this year than in the past 10 years combined." Jonathan Blattmachr, a principal of Eagle River Advisors, says that the amount of money given away this year is going to be 3 or 4 times more than any other year. “The drop to a $1 million exemption means that the tax hit on gifts or estates of $5.12 million will go from zero this year to $2.266 million next year, according to Blattmachr”.

This tax increase will not only affect the wealthy, but also many middle class families that have estates over $1 million. These families might feel the need to give away more of their fortune before they die. Many people should be cautious about transferring money or assets because if they need those assets later they will not have access to them. “Also, many people may be under the impression that if they give a gift below this year's $5.12 million exemption level, they'll still have some exemption left to use in the future. But any gift made this year counts against the exemption in effect the year they die. So if the exemption drops, as scheduled, to $1 million in 2013, a gift of a million or more made anytime in the past completely exhausts the exemption. The entire remaining estate will be taxed at 55%”. Once the transfer is made, the gift is permanent and irrevocable. This can be devastating to people who are on a fixed income who want to transfer assets to children.

The author is trying to convince the reader that anyone that is trying to transfer any kind of assets over $1 million should be cautious. They could be taxed at a 55% rate is they decide to transfer assets after this year before they died. I did enjoy the article because I learned about the current gift tax rate and how changes in policies can affect every person. I don’t have assets of $1 million, yet, but I definitely do not want to pay a 55% tax rate.