

# Client Alert

## Lower Interest Rates, Using Remaining Exemptions, and Foreign Citizenship

August 3, 2020

### **Follow Up on Record Low Interest Rates**

IRS interest rates will reach another record low in August. Given the low rates, now continues to be an advantageous time to create GRATs or CLATs, make loans to family members and trusts, sell assets in exchange for notes, or make charitable gifts of remainder interests in personal residences or farms. You may also wish to consider refinancing existing intra-family / inter-trust debt at these lower rates.

### **Follow Up on Using Remaining Tax Exemptions for Lifetime Gifts**

As a follow up on prior Client Alerts, a reminder to consider making gifts this year in order to use up the temporarily increased gift and generation-skipping transfer tax exemption amounts. The exemption amounts available this year revert under current law to \$5 million per individual, plus inflation adjustments, after 2025, and could be reduced by the next Congress, possibly effective retroactively, such as of January 1, 2021.

### **Acquiring Foreign Citizenship and Changing Domicile**

Interest in changing domicile or acquiring citizenship abroad is increasing. Please contact us if you wish to discuss the implications.

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## Trusts & Estates Group

Please feel free to discuss any aspects of this Client Alert with your regular Milbank contacts or any member of our Trusts & Estates Group.

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