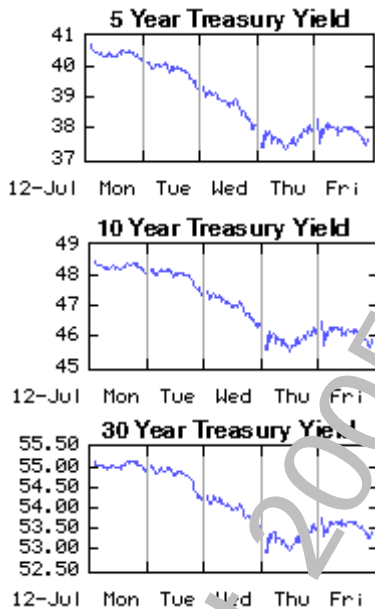


## U.S. Treasury Bonds

Maturity	Yield	Last Week	Last Month
5 Year	3.74	4.08	4.22
10 Year	4.56	4.85	4.95
30 Year	5.32	5.52	5.53

Interest rates this past week opened flat, however by Wednesday they dipped down fairly strong due to the weakness in the stock markets Monday and Tuesday. With the rates down as strong as they were by the weeks end, rates were at record lows and many began the process of refinancing again. Usually when the stock market is pulling back, investors will "run for cover" and invest in the bond market as we saw demand this past week increase for bonds. The current stock market is a pure traders market and institutions are sitting on the sidelines finding their opportunities to nibble. Keep in mind, interest rate pricing for consumers is closely tied to bond pricing. Usually when bonds lower, yields on those bonds rise and so do interest rates. This rule is usually true when the opposite occurs as well.



Economic Indicators for this week that could impact the mortgage or real estate markets include...

<b>Business Inventories</b>	<b>July 15th</b>
<b>Capacity Utilization</b>	<b>July 16th</b>
<b>Industrial Production</b>	<b>July 16th</b>
<b>Building Permits</b>	<b>July 17th</b>
<b>Housing Starts</b>	<b>July 18th</b>
<b>Initial Claims</b>	<b>July 18th</b>

## Can't I Just Give ALL My Property Away Before I Die and Avoid Estate Taxes?

No. The government long anticipated this one. If you give away more than \$10,000 per year to any one person or non-charitable institution, you are assessed federal "gift tax," which applies at the same rate as the estate tax.

Making gifts of less than \$10,000, however, can yield substantial estate tax savings. If you give away \$10,000 for four years, you've removed \$40,000 from your taxable estate. And each member of a couple has a separate \$10,000 exclusion. So a couple can give \$20,000 a year to a child free of gift tax. If you have a few children, or other people you want to make gifts to (such as your sons- or daughters-in-law), you can use this method to significantly reduce the size of your taxable estate over a few years. (The \$10,000 amount is now indexed for inflation, and will increase in \$1,000 increments in years to come.)

Consider a couple with combined assets worth \$1 million and three children. Each year they give each child \$20,000 tax free, for a total of \$60,000 per year. In seven years, the couple has given away \$420,000 and has reduced their estate to \$580,000, below the federal estate tax threshold.

Of course, there are risks with this kind of gift-giving program. The most obvious is that you are legally transferring your wealth. Gift giving to reduce eventual estate taxes must be carefully evaluated to see if you can comfortably afford to give away your property during your lifetime.

Some other kinds of gifts are exempt from the gift/estate tax as well. You can give an unlimited amount of property to your spouse, unless your spouse is not a U.S. citizen, in which case you can give away up to \$101,000 per year free of gift tax. Any property given to a tax-exempt charity avoids federal gift taxes. And money spent directly for someone's medical bills or school tuition is exempt as well.

These are very complicated issues, many of which can be simplified by working with a qualified professional. The purpose of this newsletter is not to give legal or taxation advice. The purpose is to stimulate thought for our clients and those professionals we network with. One should consult with a qualified professional prior to implementing any taxation or estate planning strategies.

If you are an insurance, estate planning or taxation professional receiving this newsletter, please

<b>Leading Indicators</b>	<b>July 18th</b>
<b>CPI</b>	<b>July 19th</b>

contact our office to introduce yourself and your services to us. We are always seeking to grow our referral network and expose professional services to our client base. The loan professional that has made this information available specializes in providing financial solutions for those buying, selling or refinancing real estate.

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