# Forethoughts

This *Insights* issue focuses on gift, estate, and generation-skipping transfer (GST) tax valuation topics. These topics should provide high net worth individuals, attorneys, estate planners, and wealth advisers with an understanding of current gift- and estate-tax-related valuation issues.

Valuations of closely held businesses, business ownership interests, debt and equity securities, and intangible assets are often needed when high net worth individuals transfer wealth to the next generation. These wealth transfers include privately held businesses, publicly traded securities, family limited partnerships, limited liability companies, limited companies, joint ventures, royalty income streams, and intellectual property assets. Valuation of such business interests can be an important part of a business owner's estate plan.

Willamette Management Associates analysts are routinely called on to value (and to support the valuation of) business interests and securities for gift, estate, and GST tax purposes. A properly prepared valuation can help to avoid (1) a challenge by the Internal Revenue Service that could undermine an estate plan, (2) penalty taxes on estates that undervalue assets, and (3) disagreements among the heirs.

This *Insights* issue presents a discussion of the effects, if any, of the proposed Section 2704 regulations. This discussion describes the valuation community's interpretation of the proposed regulations and how these proposed regulations may change estate-related business valuation methodologies.

Other *Insights* discussions address how to apply put option models, income approach valuation methods, and market approach valuation methods—all from the perspective of meeting a challenge from the Service.

This *Insights* issue also presents part three of the multiyear saga involving the *Estate of Giustina v. Commissioner*.

Additional *Insights* discussions include the valuation of intrafamily loans and notes, valuation considerations in estimating celebrity goodwill and the right to publicity, the use of closed-end mutual funds in quantifying discounts for lack of control, and the valuation of interests of a net income with make-up charitable remainder unitrust.

# About the Editor

## Weston C. Kirk

Weston Kirk is a manager of our firm. He is a resident in our Atlanta office. His practice includes business valuation, economic analysis, and financial opinion services.

Weston works predominately in the firm's wealth management valuation services practice. This practice area includes valuations for gift, estate, and generation-skipping transfer tax purposes. Weston specifically works with the firm's regional, national, and international ultra-high-net-worth clients to solve their valuation needs.

Weston has performed various types of valuation and economic analyses, including merger and acquisition valuations, fairness opinions, ESOP formation and adequate consideration analyses, business and stock valuations, litigation economic damages analyses, responses to Internal Revenue Service audit positions, undivided interests in real estate valuations, promissory note valuations, and gift and estate tax valuations.

He has prepared these valuation and economic analyses for the following purposes: transaction pricing and structuring; taxation planning and compliance (including federal income, charitable gift, estate, and generation-skipping transfer tax); ESOP transaction and financing; tender offers; stock option offers; litigation; and strategic information and planning.

Weston holds a bachelor of business administration in finance with honors from the Georgia State University J. Mack Robinson College of Business. He also holds a certification in economics from the Georgia State University Andrew Young School of Policy Studies.