

RIP Dear Estate Tax

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In January, something happened that no one thought would happen. The estate tax was repealed, leaving us with no federal estate tax for 2010.

In 2009, the estate tax was set at \$3.5 million. That meant that if someone died with an estate worth over \$3.5 million, their estate would pay estate taxes on the amount over that. But as of January 2010, there is no limit. Yes, that means that one can die with an estate worth \$100 million dollars and not pay one cent in estate taxes. Before you get too excited about this – the estate tax will be coming back full force in January 2011. It is coming back with a vengeance at \$1 million.

No one thought Congress would allow the estate tax repeal in 2010, but alas they did. There is talk, however, of Congress reinstating an estate tax in 2010. There is even talk of them making it retroactive to January 1st.

I cannot tell you what will be happening with the estate tax in the next few months, but rest assured that something will be happening. We just have to wait and see exactly what.

Having an appropriate estate plan in place may allow you to pass more of your estate to your heirs by bypassing some of the estate taxes your estate may have to pay. There are certain types of trusts that allow you to maximize your estate tax exemption. If you want to know more about these trusts or you have questions of how the estate tax would affect your estate, feel free to contact me.