

“You can’t take it with you”

By Tommy Williams, CFP®

Most Americans aren’t too concerned about federal estate taxes. After all, 99.8 percent won’t have estates large enough to be subject to the tax. For 2016, the estate tax threshold is \$5.45 million (double that amount for a married couple) and it is expected to be \$5.49 million in 2017 (barring any changes to the tax code).



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At the state level, it’s a different story.

Kiplinger’s explained:

“However, state estate taxes, which kick in for estates valued at only \$1.5 million or less in several states, could take a big bite out of

your legacy. Your home and retirement accounts will be counted when your estate is valued for tax purposes, and proceeds from your life insurance could be counted, too, depending on how the policy is owned and who gets the money.”

The Tax Foundation reports, in all, 15 states and the District of Columbia have estate taxes. They included:

- Connecticut (\$2 million exemption and 7.2 percent to 12 percent estate tax rates)
- Delaware (\$5.4 million exemption and 0.8 percent to 16 percent estate tax rates)
- Hawaii (\$5.4 million exemption and 0.8 percent to 16 percent estate tax rates)
- Illinois (\$4 million exemption and 0.8 percent to 16 percent estate tax rates)
- Maine (\$2 million exemption and 8 percent to 12 percent estate tax rates)
- Maryland (\$1.5 million exemption and 16 percent estate tax rate)
- Massachusetts (\$1 million exemption and 0.8 percent to 16 percent estate tax rates)
- Minnesota (\$1.4 million exemption and 9 percent to 16 percent estate tax rates)
- New Jersey (\$675,000 exemption and 0.8 percent to 16 percent estate tax rates)
- New York (\$3.1 million exemption and 3.1 percent to 16 percent estate tax rates)
- Oregon (\$1 million exemption and 0.8 percent to 16 percent estate tax rates)
- Rhode Island (\$1.5 million exemption and 0.8 percent to 16 percent estate tax rates)
- Tennessee (\$5 million exemption

and 5.5 percent to 9.5 percent estate tax rates)

- Vermont (\$2.75 million exemption and 0.8 percent to 16 percent estate tax rates)
- Washington (\$2.1 million exemption and 10 percent to 20 percent estate tax rates)
- Washington DC (\$1 million exemption and 0.8 percent to 16 percent estate tax rates)

And if you're curious about Louisiana, there used to be an inheritance tax and if the death occurred before July 1, 2004 the following would apply:

"The inheritance tax is imposed on the heirs...of a decedent for the privilege of receiving property from the deceased. Effective January 1, 2008, inheritance tax shall not apply to deaths that occur after June 30, 2004."

The Department of Revenue explains the tax rate associated with that circumstance as follows:

- Direct descendants by blood or affinity or ascendants – two percent of the first \$20,000 taxable value and three percent of the taxable value in excess of \$20,000.
- Collateral relations of the decedent, including brothers and sisters by affinity and their descendants – five percent of the first \$20,000 taxable value plus seven percent of the taxable value in excess of \$20,000.
- Strangers or nonrelated persons – five percent of the first \$5,000 taxable value plus ten percent of the taxable value in excess of \$5,000.

The good news is that these rates only apply to deaths occurring prior to July 1, 2004. If you haven't given much thought to estate planning, now may be the time to contact your trusted financial advisor! Perhaps some often overlooked items you should ask about that can affect most of us are: 1) Making sure

your will is up to date reflecting any and all of life's changes and 2) Making sure beneficiary designations on retirement accounts, life insurance policies and annuities are up to date.

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