

# · UPDATE ·

## **ESTATE TAX LAW CHANGES YOU NEED TO KNOW**

*By Timothy J. Rice, Esq.*

At the end of last year, Congress passed a law which sets the federal estate tax exemption at \$5 million per person, meaning that estates worth valued at less than \$5 million will not pay any federal estate taxes. For estates valued at over \$5 million, the excess over that amount will be subject to federal estate tax at a tax rate of 35%.

The new federal estate tax law is effective from 2011 through 2012, so it is entirely possible that the federal estate tax laws will change in the next few years. In fact, the federal estate tax exemption amounts have changed substantially in the past decade and there is much political debate on whether there should be a federal estate tax and how much a person should be permitted to leave to his or her heirs free of federal estate tax.

Although the overwhelming majority of estates are not subject to federal estate tax given the present exemption of \$5 million, it is important to stress that there is a New Jersey estate tax that only exempts estates worth less than \$675,000. Therefore, many of our clients accumulate estates of more than \$675,000 when all assets including real estate and life insurance are considered. Our firm structures our client's estate plan to provide flexibility in seeking to minimize both New Jersey and federal estate taxes.

*For more information on this tax law change or any other related topic, contact Mr. Rice at 856.782.8450 or via email at [timriceelderlaw.com](mailto:timriceelderlaw.com). Timothy J. Rice, Esq. provides clients with timely Updates which help them make informed decisions about their asset preservation and end-of-life issues. Lending his compassionate and caring nature to each client, Mr. Rice has been helping clients for nearly 20 years in the areas of estate and trust planning and administration; Medicaid planning and guardianships; will contests and litigation, powers of attorney and advance directives, among other areas.*

To learn more how we may help you preserve your assets, visit us on the web at [www.TimRiceElderLaw.com](http://www.TimRiceElderLaw.com)

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