

Chapter 20. The New Federal Estate Tax

At the end of 2012 Congress revised the Federal Estate, Gift and Generation-Skipping Taxes. The key features of the new tax law relevant to our discussion in this Guide include the following:



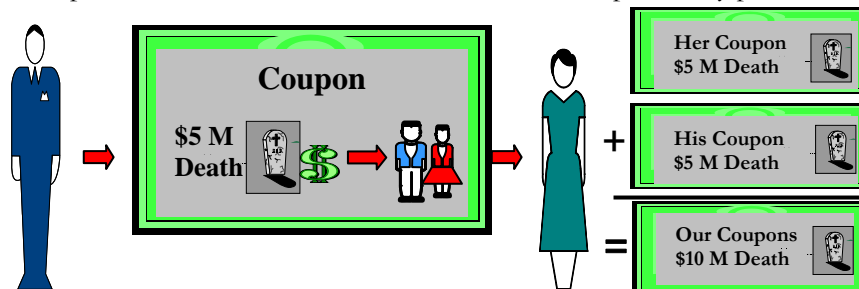
- The Estate, Gift and Generation-Skipping tax rates have been re-unified at the same top rate of 40%.
- The Lifetime Estate Tax Exemption is raised to \$5,000,000, to be adjusted each year for inflation.



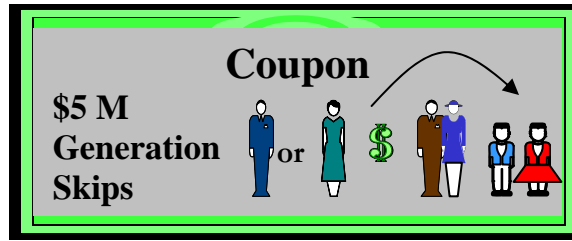
- The Lifetime Gift Tax Exemption is raised to \$5,000,000, to be adjusted each year for inflation. (which can be used at any time during your life. To the extent you use it, your Lifetime Estate Tax Exemption is reduced).



- If a spouse dies without fully needing or using the Lifetime Estate Tax Exemption, the unused amount can be used by the surviving spouse at his or her death. This is known as the portability provision.



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- The Lifetime Generation Skipping Tax Exemption is raised to \$5,000,000 (to be adjusted each year for inflation).



As of 2015, the \$5,000,000 exemption had been adjusted for inflation to \$5,430,000.