

Uncle Sam's Options for Dealing with the Estate Tax

- 1. Pay the Tax** — This is the option Uncle Sam wants you to choose and is the default option if you do not choose any of the other five options. Upon the death of the second spouse, any amount over and above the federal exemption amount will be taxed. This also is true for any amount over and above the state exemption amounts of your resident state.
- 2. Spend it All** — Spending down the estate by taking long vacations, buying more expensive cars, and eating out at fancy restaurants are ways to avoid paying the estate tax. However, this option does not appeal to most people who have worked their entire lives to obtain the wealth they have.
- 3. Gift it to Charity** — Gifting any amounts over the current exemption amount to a charity(ies) will negate any federal estate tax. For most of us, charity starts at home and we would rather see those monies go to our children and beneficiaries.
- 4. Gift it to Beneficiaries** — A gifting program properly implemented and adhered to is a great way to pass wealth down to beneficiaries and out of the estate. However, the gifting program must have enough time to make an impact and will not be effective if it is started late in life.
- 5. Advance Planning Techniques** — There are over 60 different estate planning techniques that can zero out estate taxes no matter how large the estate. These techniques, while effective, will add a level of complexity that many people simply do not want to deal with.
- 6. Irrevocable Life Insurance Trust** — The irrevocable life insurance trust or ILIT is a special type of trust that holds and is the beneficiary of a special type of insurance. This insurance inside this trust is guaranteed level premium, guaranteed benefit, and can be placed on the life of one spouse or both spouses. The payout from the policy is not estate taxable and can be used to pay the estate taxes. This option is the simplest and cleanest way to deal with the estate tax.
- 7. Move to a New State** — Some states collect estate taxes at the state level, so these taxes can be minimized or completely avoided by moving to a state without an estate tax.

To arrange a complimentary consultation, please call:

866.230.2206