# “Stop Ignoring Me. Estate Taxes Aren’t Going Away.”

## – the 800lb gorilla in the room

Did you really think estate taxes were going away? A lot of people did. They delayed their plans and now they have some catching up to do. Even in the best of times a repeal of estate taxes was, at best, uncertain. As a matter of fact, the estate tax has been repealed and reinstated many times. Do you want to rely on who controls Congress to drive your estate tax planning?

If you’ve delayed your estate and tax planning, now is the time to examine your options. Plan for your family and plan for your taxes so your family doesn’t need to pay the price.

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# Estate Tax Repeal?

Estate taxes have been part of U.S. history since the 18th Century. For better or worse, the economy and war have been the primary drivers of this tax. Over the years, the estate tax has increased and decreased. If history is any indicator, any drop in estate taxes will eventually be followed by an increase. Below is a sampling of legislation from the past 200 years.

| Year | Legislation |
|---|---|
| 1797–1802 | To cover expenses, a Federal Stamp Tax is imposed on certain estates. It remains in place until 1802. |
| 1815 | Congress debates an estate tax to finance the War of 1812. |
| 1864–1870 | Estate tax is introduced due to budgetary pressures from the Civil War. |
| 1898–1902 | After several attempts by Congress, an estate tax is introduced on estates greater or equal to $10,000. |
| 1916 | Estate tax is levied on estates over $50,000. |
| 1924 | Estate tax is increased to 40%. Gift tax is added. |
| 1926 | Gift tax is repealed. |
| 1932 | Gift tax is reinstated. |
| 1934 | Estate tax increases to 60% for estates over $10 million. |
| 1948–1953 | Various bills increase and decrease estate and gift taxes. Estate taxes rise as high as 77% and gift taxes rise as high as 57.75%. |
| 1954 | Most employer qualified plans are exempted from estate taxes. By 1982, this exclusion is reduced to only $100,000. It is repealed in 1988 and a 15% excise tax is imposed that remains in place until 1997. |
| 1976 | Major legislation combines estate and gift taxes into a unified rate. |
| 1986 | Generation skipping taxes at a flat 55% rate are imposed. Remain in place to this day. |
| 2001 | Congress votes to gradually decrease estate taxes. |
| 2010 | Estate and generation skipping transfer taxes are scheduled for repeal. |
| 2011 | Under current law all estate, gift and generation skipping transfer taxes are scheduled to be reinstated at their 2001 rates. |

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Under the Economic Growth and Tax Relief Reconciliation Act of 2001, numerous changes to the federal estate, gift and generation skipping transfer ("GST") taxes are scheduled to take effect between 2002 and 2010. These include repeal of the estate and GST taxes for the year 2010, although gift taxes on lifetime transfers will continue in effect. The 2001 estate, gift and GST tax law will be reinstated for 2011 and thereafter. Therefore, the Act provides several years of lower rates and higher exemptions followed by one year of repeal for 2010.

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