



2011 – 2013 Federal Estate Tax

Calendar Year	Estate and GST Tax Exemption	Highest Estate and Gift Tax Rates
2011	\$5 million	35%
2012	\$5 million	35%
2013	\$1 million*	55%

* As the law currently stands, the exemption will revert back to \$1 million as of January 1, 2013, if Congress does not act in the next two (2) years to either extend the \$5 million exemption or agree upon some other exemption amount.

Federal Estate Tax for 2011 and 2012

Over the past several years, the estate tax and the generation-skipping tax (GST) have been gradually reduced until they were repealed for 2010. In 2010, the maximum gift tax rate was 35 percent, with a \$1 million lifetime exemption.

In addition, for 2010, the basis rules for inherited property were similar to the gift tax rules (carryover basis), with many exceptions.

Under the new act, the estate tax and GST that come into effect on January 1, 2011, will have a \$5 million exemption that is indexed for inflation after 2011 and a top tax rate of 35 percent. Inherited assets will receive stepped-up basis.

With proper planning, married couples will be able to entirely avoid the estate tax for combined estates aggregating \$10 million. The estate tax exemption has been made portable. For deaths after December 31, 2010, the executor will be able to transfer the unused portion of the exemption to the surviving spouse.

For gifts made after December 31, 2010, the gift tax calculation and the estate tax calculation are re-unified. So, the top gift tax rate will be 35 percent with a \$5 million exclusion. The annual gift tax exclusion is expected to remain at \$13,000 for 2011.

Most people will need to review their estate plans and gifting strategies in light of this new legislation.

Ohio Estate Tax

2011 and thereafter \$338,333 – Tax exemption

\$338,334 - \$500,000 – 6% Tax

Over \$500,000 – 7% Tax Top Rate

2013 and thereafter – The New Ohio Budget signed into law by Governor Kasich on June 30, 2011, repeals the Ohio Estate Tax effective January 1, 2013.