

Federal Estate Tax Repeal? Reform?

In May of 2001, the federal government passed the Economic Growth and Tax Relief Reconciliation Act of 2001 (H.R. 1836). Included in this Act was the beginning of a repeal on what was a gradual tax on the taxable estates larger than \$1 million. The current law is set to progress as follows:



Estate and Gift Tax Rates and Unified Credit Exemption Amount as of June, 29th 2006 (subject to change at any time)		
Calendar Year	Estate and GST tax death time transfer exemption	Highest estate and gift tax rates
2006	\$2 million	46%
2007	\$2 million	45%
2008	\$2 million	45%
2009	\$3.5 million	45%
2010	N/A (taxes repealed)	Top individual rate under the bill (gift tax only)
2011 and after	\$1 million	55%

There have been many attempts recently to repeal the Estate Tax completely, but it seems the focus is increasingly directed towards Estate Tax Reform. This has been observed recently as the House of Representatives passed a reform bill, as an alternative to complete repeal. Furthermore, there are four proposals circling the Senate with exemptions ranging from \$3.5-\$5 million and rates ranging from 15%-45%.

Please visit the following websites utilized while researching this article for further information and updates.

- <http://www.aalu.org>
- <http://www.house.gov/jct/x-50-01.pdf>

*This document was created by The Downey Group, Inc. Other sources were used as research and are cited as the following: Association for Advanced Life Underwriting. www.aalu.org.

Joint Committee on Taxation, *Summary of Provisions Contained in the Conference Agreement for H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act of 2001*, JCX-50-01 (May 26, 2001).

John Hancock Life Insurance Company, *House Passes Estate Tax Reform Bill, Legislation Moves to the Senate* (June 26th, 2006).