

June 2009

THE STATE OF MAINE ESTATE TAX

Because of major changes in the federal estate tax exemption amounts, the State of Maine has so-called “decoupled” from the federal estate tax.

This decoupling affects married people with taxable estates, as well as single people, if your estate is over \$1 million. This means that even though your federal taxable estate is under \$3.5 million, should you die with an estate over \$1 million, your estate will have to pay estate taxes to the State of Maine even though no federal estate tax is due.

It is important to review your asset values to ascertain whether you have a taxable estate. Remember, the value of your real estate is included in your taxable estate at the fair market value, not the town’s assessed value. Your taxable estate is everything you own at time of death based upon the fair market value, including your retirement account, life insurance, furniture and furnishings, and a business you own.

For married people, if the estate of one spouse is above the State exemption amount you may want to amend the tax formula in your Will or Revocable Living Trust to insure that taxes don’t have to be paid on the death of the first spouse.

If your estate plan does not have a tax formula, review the other article on this website regarding how to save estate taxes.

For single people, if your estate is over \$1 million, additional planning may be needed to avoid the State of Maine estate tax upon your death.