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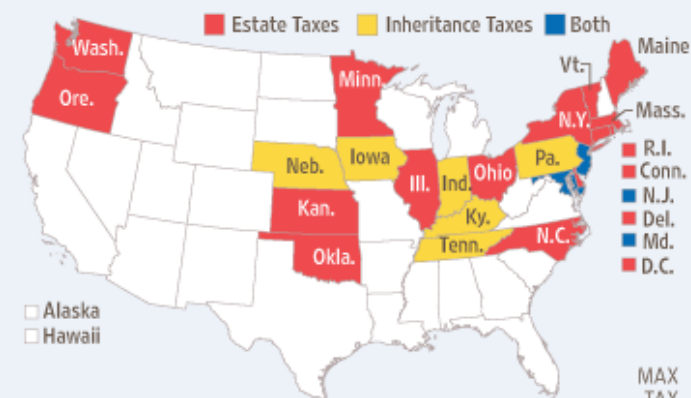
OCTOBER 31, 2009

State Death Taxes Are the Latest Worry

By LAURA SAUNDERS

State Rates

Many states have estate taxes and a few have inheritance taxes. Maryland and New Jersey have both.



STATE	TAX TYPE	EXEMPTION*	MAX TAX RATE
Connecticut**	Estate	\$2,000,000	16%
Delaware	Estate	3,500,000	16
Illinois	Estate	2,000,000	16
Indiana	Inheritance	100	20
Iowa	Inheritance	0	15
Kansas†	Estate	1,000,000	3
Kentucky	Inheritance	500	16
Maine	Estate	1,000,000	16
Maryland	Estate/Inheritance	1,000,000/150	16/10
Massachusetts	Estate	1,000,000	16
Minnesota	Estate	1,000,000	16
Nebraska	Inheritance	10,000	18
New Jersey	Estate/Inheritance	675,000/0	16/16
New York	Estate	1,000,000	16
North Carolina	Estate	3,500,000	16
Ohio	Estate	338,333	7
Oklahoma	Estate	2,000,000	10
Oregon	Estate	1,000,000	16
Pennsylvania	Inheritance	0	15
Rhode Island	Estate	675,000††	16
Tennessee	Inheritance	1,000,000	9.5
Vermont	Estate	2,000,000	16
Washington, D.C.	Estate	1,000,000	16
Washington state	Estate	2,000,000	19

*Some states allow greater exemptions for spouses, parents or children

**As of Jan. 1, 2010: \$3.5 million, 12% †Scheduled to expire on Jan. 1, 2010

††Rises to \$850,000 on Jan. 1, 2010

Source: CCH Wolters Kluwer

Comments

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While the article references to the bypass trust, frequently called a Credit Shelter Trust (CST), it does not reference to another powerful estate planning tool called an Irrevocable Life Insurance Trust (ILIT).

Like the CST, the ILIT shelters assets from both federal and state estate taxes. Unlike the CST, which provides no leverage, the ILIT's use of life insurance can create exponentially more value in the form of benefits versus costs.

While the CST's benefits are limited to the federal or state estate tax exemptions, the ILIT's benefits are not limited to these exemptions.

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