



January 2011

**Ask a trust officer:
Do I still need a trust?**

DEAR TRUST OFFICER:

I understand that the federal estate tax exemption is now \$5 million. That's well above my wealth level. Do I still need a trust in my will? —DODGED THE DEATH TAX

DEAR DODGED:

Short answer: If you already have provided for trusts in your will, you probably should keep them. Trusts provide for more than simple tax savings. When managed by a corporate fiduciary, such as us, trusts also come with professional investment management, tax filings and administrative decision-making. Trusts are fundamentally about protecting an inheritance from a wide variety of corrosive forces, of which death taxes are but one.

Don't overlook the fact that many of the states still impose death taxes of their own, either as inheritance taxes or estate taxes (or both). Many kick in at much lower wealth levels, typically \$1 million. Your estate will be affected if you live in one of those states or own property in one or more of them.

Finally, the new \$5 million exemption from the *federal* estate tax lasts for only two years, 2011 and 2012. Will it be continued after the next Presidential election? Don't bet your family's financial security on it.

Do you have a question concerning wealth management or trusts? Send your inquiry to dave.fisher@bankibt.com.

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