



March 2011

**Ask a trust officer:  
Burden of estate taxes**

DEAR TRUST OFFICER:

With the new \$5 million estate tax exemption (\$10 million for married couples), isn't it true that most people don't have to worry about estate planning any more? AFFLUENT, NOT RICH

DEAR AFFLUENT:

On the contrary, estate planning remains very important.

Estate tax planning always has been just one aspect of estate planning, and for many families it has long been a minor aspect. First and foremost, an estate plan is a blueprint for the management and distribution of property after one's death. Only when those objectives are understood will the estate planner turn to tax planning.

Moreover, your assumption that few families will need to worry about estate taxes may not be well founded. Owners of small businesses must remain concerned, according to a study commissioned by the American Family Business Foundation. The study reported that even with the higher exemption from the estate tax:

- Up to 22,000 farms, 14,000 real estate partnerships and 29,000 privately-held corporations will be susceptible to the tax in 2011;
- 170,000 total households will be susceptible to estate taxes in 2011;
- 8,500 households will owe estate taxes in 2011.

Finally, keep in mind that the \$5 million exemption will expire in 2013, unless Congress takes action to extend it. Will it do that? Because past predictions in this area have been notoriously fallible, we wouldn't care to speculate. Accordingly, estate tax planning remains important for the affluent as well as for the rich.

*Do you have a question concerning wealth management or trusts? Send your inquiry to [dave.fisher@bankibt.com](mailto:dave.fisher@bankibt.com)*