

Maine Legislature Approves Significant Increase in Maine Estate Tax Exemption Level

By Kathryn M. Longley-Leahy, Esq. Effective January 1, 2016, the Maine estate tax exemption will more than double from its current \$2,000,000 level to the applicable federal estate tax exemption, currently \$5,430,000, indexed annually for inflation. With this significant increase in the Maine estate tax exemption, Maine estate tax exposure will be effectively eliminated for each Maine resident and non-resident owning property in Maine whose available estate tax exemption as of the date of death, is less than \$5,430,000, as indexed. While Maine's new estate tax legislation falls short of including the additional benefit available under federal estate tax law that allows a surviving spouse to add to his/her available estate tax exemption the 'unused' exemption of the first deceased spouse¹), and continues to bring back into the Maine taxable estate the value of reportable gifts made within one (1) year of the Maine decedent's date of death, *Maine's new estate tax legislation raises the Maine estate tax exemption to historic levels, thereby eliminating Maine estate taxation for the vast majority of Maine taxpayers.* Given the multitude of fluctuations in federal and Maine estate tax laws over the last few decades, many estate plans, particularly those for married couples, have already incorporated planning mechanisms to absorb potential changes in federal and state estate tax laws by creating certain trusts, funded directly or indirectly via disclaimer provisions, to ensure that estate tax exemption available to each individual is fully utilized; however, if the trusts were created solely to minimize estate taxes, such "exemption" trusts may no longer be necessary. Following any life or legislative change, one needs to be diligent in confirming that existing estate planning documents continue to reflect current estate planning objectives. The estate planning group at Norman, Hanson & DeTroy is always available to provide assistance should you have any questions, concerns or simply want to confirm that your current estate planning documents continue to reflect your current planning objectives.