



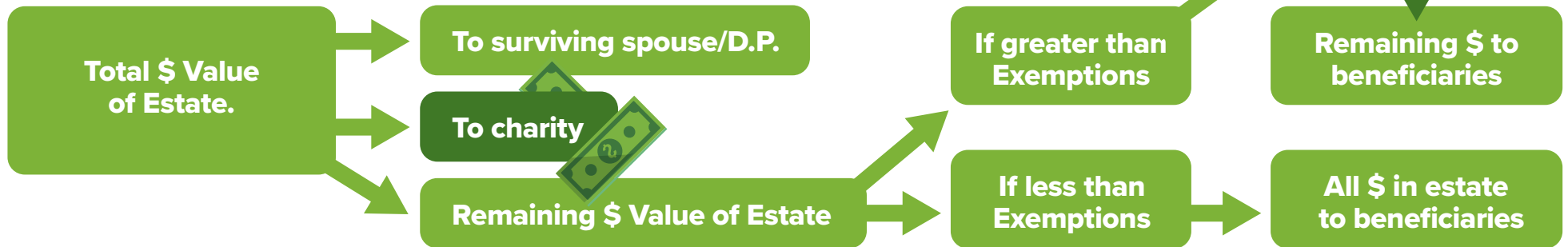
Estate Tax 101

What is the Estate Tax?

A tax paid to the government, by a person's estate if the value of their estate exceeds certain amounts.



How the Estate Tax Works



| Key Figures | Federal | WA State |
|-----------------|---|---|
| Exemption | \$13.61 million per individual, indexed to inflation (2024) | \$2.193 million per individual, NOT indexed to inflation |
| Estate Tax Rate | 10-40% progressive | 10-20% progressive |

Married/Domestic Partners (D.P.)

Upon the first person's death, unlimited assets can pass to the surviving spouse/D.P. without estate tax. Assets left to anyone other than spouse/D.P. or charity may be taxed if they exceed the exemption.



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Examples

FOUR DIFFERENT WASHINGTON SCENARIOS

1 Carl was single and at his death, he owned two assets: a home worth \$1 million and an IRA worth \$500,000. Since his estate was below the state and federal exemption amounts, no estate tax was owed at the state or federal level.

2 Carl and Gina were married and their combined assets were \$5 million. All assets were community property. Gina died and her entire share of the community property passed to Carl. No estate tax was owed due to the Unlimited Marital Deduction. The following year, Carl died. His estate was worth \$4.5 million at the time of death. His will devised everything to his children. The estate tax owed to WA state is \$286,050. No federal estate taxes would be owed.

3 Gina was single and died owning two assets: a home worth \$2 million and investment account worth \$1.193 million. Her will left everything to her children. For Gina, her assets between \$2.193 million and \$3.193 million are taxed by Washington at 10%. The estate tax owed to WA state is \$100,000. No federal estate taxes would be owed.

4 Gina was single and died owning two assets: a home worth \$2 million and investment account worth \$1.193 million. Her will left \$1 million to charity and everything else to her children. Because she made the \$1 million bequest to charity, there is no estate tax owed. However, if Gina had left everything to her children, her assets between \$2.193 million and \$3.193 million would result in \$100,000 (10%) of Washington estate tax.

