

## **Revocable Living Trust Can Help Reduce Potential Estate Taxes**

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On December 17, 2010, President Obama signed into law The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the "Act"). As a result of the Act the estate tax exemption has been temporarily increased to \$5 million per person for the years 2011 and 2012 only. The \$5 million exemption amount is indexed for inflation beginning in 2012. For persons dying in 2011 or 2012, the executor of the estate may transfer any unused estate tax exemption to a surviving spouse (on a timely filed estate tax return). Therefore, a couple may be able to fully shield \$10 million.

In addition to this exemption, each individual can leave an unlimited amount of money free of estate tax to their spouse (provided the spouse is a U.S. citizen). However, leaving everything to a spouse can potentially increase estate taxes at the spouse's death.

One way to reduce potential estate taxes is with a Revocable Living Trust ("Trust"). A Trust with a credit shelter provision can permit a married couple to coordinate their exemption that each is allowed; assuring the smallest amount of estate tax is due. Taking advantage of the maximum exemption is important since beginning in 2013 the estate tax exemption is scheduled to be reduced to \$1 million per person.

A Trust will also provide you with a number of other benefits, such as the ability to pass your estate to your beneficiaries without having to go through the Probate Court process. Probate usually takes a minimum of nine months and one year to complete and is very costly. It is not unusual for a "simple" probate to cost in excess of \$2,500 with involved and complex cases costing well in excess of \$10,000.

A Trust will also allow you to distribute your assets to your beneficiaries many years after your death, thus providing the ability to control your affairs after death. Since probate is open for public review, your affairs will be open for review, including names, addresses and the amount of each inheritance. We strive to keep our finances private during our lifetime, and death should not change this.

If you would like the assistance of our firm in drafting a Trust, please call Jonathan Goldberg or Ken Bloom, at (248)932-5200, or send an e-mail to [jonathan@bloomlawfirm.com](mailto:jonathan@bloomlawfirm.com) or [ken@bloomlawfirm.com](mailto:ken@bloomlawfirm.com), and we can assist you to arrange a meeting to discuss your estate planning needs.