

Estate Taxes, Capital Gains Tax, and Income Tax, “OH MY”



Illinois Exemption Amount: \$4 million	Federal Exemption Amount: \$12.92 million
No inheritance tax	No inheritance tax
Estate tax top rate 16%	Estate tax top rate 40%
No portability between spouses in IL	Portability – up to \$25.84 million for spouses

When you die with assets, tax liability attaches to and moves with your estate assets. Your beneficiaries will be responsible for any tax liability not already paid by the estate.

ASSET ON DEATH

TAX BENEFICIARY PAYS



Home



Capital gains tax
Fair Market Value - basis at date of death;



Bank accounts



No inheritance tax (federal or state)



Stocks, Bonds, Annuities



Capital gains tax
Fair Market Value – basis at date of death;



Life Insurance



Proceeds not included in gross income;
unless proceeds include interest or policy
was transferred to beneficiary for cash or
other valuable consideration.



Retirement Account
401k, IRA, 403(b)



Income tax to beneficiary based on
10 year withdrawal right if qualified;
Spouse – rollover; no tax implications
Special rules for certain beneficiaries

Have you #plannedit™