# Uncertainty should not deter action

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A federal estate tax for 2009 is imposed on estates in excess of $3.5 million. While you may not have an estate of that size, the fact that the tax law is currently unsettled should not deter you from undertaking your estate plan.

The estate tax was originally conceived as a way to break up large concentrations of wealth. Without an estate tax, assets were being passed intact from generation to generation.

As a matter of public policy, the government wanted to avoid having just a few families be in a position to control the economy of the country.

Before the tax cuts of President Bush, the amount each person could pass to their heirs without paying an estate tax was limited to $600,000.

The credit gradually increased to $3.5 million today. The estate tax is scheduled to be repealed for 2010 and to be reinstated at $1 million thereafter.

It has been widely anticipated that Congress will make the $3.5 million estate tax credit permanent for at least the next year or two. With the current economic crisis, there is some question if Congress will take the time to address the issue.

While is it difficult to predict what Congress will ultimately do, you can act now to minimize estate taxes and avoid the cost and delay of probate.

Your estate plan can be drafted to adjust to most changes that occur in the tax law.

If your estate is small, a simple will may be all that you need to pass your assets to your children or other loved ones. All assets that pass under a will must go through probate.

Even without a trust, smaller estates can minimize the assets that go through probate by adding pay on death designations to accounts and recording beneficiary deeds for real property.

For larger estates, a revocable living trust agreement may be a quicker and less expensive means of handling an estate. Trust assets avoid probate and can provide for distribution of a beneficiary's share in a lump sum or over a period of years.

A trust is especially helpful in providing for minor children.

Your estate plan may include a Power of Attorney for financial matters, which will allow others to act on your behalf if you become incapacitated. You should also have a Healthcare Power of Attorney so that someone can make medical decisions for you when you are no longer able to do so.

Many people today are failing to plan because they believe they will not have estate tax liability.

Tax planning, however, is not the only goal of estate planning. Probate avoidance, ease of administration of your estate, and cost savings are other reasons for planning. A well designed estate plan will provide for your well-being and make it easier for your heirs to handle your estate.

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