

## NEW JERSEY & FEDERAL ESTATE TAX CLIENT ALERT

There will no longer be a New Jersey Estate Tax for New Jersey residents dying on or after January 1, 2018. The repeal of the New Jersey Estate Tax was signed into law last month by Governor Christie. It is a significant departure from the current state estate tax legislation that grants decedents an exemption amount of only \$675,000, the lowest in the country. To emphasize the financial impact of the repeal, a \$675,000 exemption amount results in an estate tax of \$33,200 on a \$1 million estate and \$99,600 on a \$2 million estate.

The New Jersey Estate Tax exemption amount will increase from \$675,000 to \$2 million on January 1, 2017. The New Jersey Inheritance Tax imposed on transfers to beneficiaries other than a spouse, parent, child or grandchild is unchanged.

On the federal level, the American Taxpayer Relief Act of 2012 remains in effect and allows individuals to transfer up to \$5.45 million (or \$10.9 million for married couples) free of federal gift or estate tax in 2016. Transfers exceeding this applicable exclusion amount are taxed at a maximum rate of 40 percent. In 2017 the applicable exclusion amount will increase to \$5.49 million per individual (or \$10.98 million for married couples).

If you would like to review your estate plan to determine the impact of this legislation on your estate and/or life insurance planning, feel free to contact me to schedule a time to speak or meet.

Very truly yours,

McELROY, DEUTSCH, MULVANEY & CARPENTER, LLP



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