

ELDER LAW REVIEW

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2014 Tax Law Changes

On March 21, 2014, a new bill was signed into law by Governor Mark Dayton providing tax cuts and significant changes to the current Minnesota gift and estate tax laws. The Minnesota Gift tax has been retroactively repealed to the effective date of July 1, 2013. Therefore, anyone who filed a Minnesota Gift tax return and paid Minnesota gift taxes will receive a refund check. However, all Federal filing requirements remain unchanged. Even though the Minnesota Gift tax is repealed, the three-year claw back remains in effect. This means that all Federal taxable gifts still need to be reported and will be “clawed back” into a decedent’s estate if gifted within three years of death. The annual gifting exclusion remains at \$14,000 per person per year.

Minnesota will phase in a greater estate tax exemption amount. In 2013, the exemption amount was \$1,000,000. Effective for deaths in 2014 that amount has increased by \$200,000 putting the total at \$1,200,000, per individual. The Minnesota estate tax exemption shall be increased by an additional \$200,000 each year for the next four years. In 2018 the individual estate tax will be \$2,000,000. Additionally, Minnesota will be offsetting the increased exemptions with the “Q” election. For families with Qualified Farms and Qualified Small Businesses, an additional \$4,000,000 may be transferred

estate tax free. However, with the increased estate tax limit, the Q election will be offset each year resulting in a maximum exemption of \$5,000,000. Furthermore, the State Estate Tax rates have also changed to amend the regressive estate tax rates. Previously, the first \$100,000 over \$1,000,000 was subject to a 41% tax rate. The new tax rates will begin at 9% and increase to 16% as the value of the decedent’s estate increases.

As laws change, your original plan may not work as you originally intended. It is important to have your estate plan maintained so that your goals match current laws.

Pluto Legal PLLC offers NO cost, NO obligation consultations. This is a great opportunity to get informed of all the changes and options available for you, for all your Estate Planning and Medical Assistance Planning needs.

We have many free, educational workshops coming up, so please give us a call, toll free at 1-866-457-3131 or visit our website www.plutolegal.com to see when we will be in your area.

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