

ESTATE UPDATE

THE ESTATE PLANNING & LEGAL NEWSLETTER OF THE LAW OFFICE OF SJOSTROM, LOFTHUS & ROUSAR, PLLP

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MINNESOTA UPDATES ITS ESTATE TAX LAWS Unified credit raised - Tax rates lowered - Gift Tax repealed

A tax bill was passed by the Minnesota legislature and signed by the Governor on March 21, 2014. The bill was in reaction, in part, to the negative publicity that the State of Minnesota was receiving as a result of being one of the "top 5 worst places to die in the United States" for tax purposes. The tax bill's provisions change the rules regarding a number taxes.

For the year 2014, the Minnesota unified credit amount (the amount exempt from Estate Taxes) was raised from \$1,000,000.00 to \$1,200,000.00. That number is set to rise by \$200,000.00 each year until the Minnesota unified credit reaches \$2,000,000.00 in 2018. Additionally, the legislature modified the Estate Tax rates over the next four years.

In the 2014 session, the Minnesota legislature also repealed the new Gift Tax law that it had passed in 2013.

As a result, if an individual who died with a \$2 million estate in 2013, the Minnesota Estate Tax bill

would have been nearly \$100,000.00. For 2014, with an increased unified credit and reduced Estate Tax rates, that same \$2 million estate would only pay about \$75,000.00 in Minnesota Estate tax.

As the unified credit rises over the next four years, that tax payment for a \$2 million estate reduces to zero.

The Minnesota legislature failed to match the Federal unified credit, which stands at \$5,340,000.00 for 2014. Additionally, the legislature did not follow another beneficial Federal estate tax provision. Under Federal law, a surviving spouse can obtain the unified credit of the first spouse to die (resulting in 2 credits for the surviving spouse). Minnesota's update did not allow this so-called "portability" provision as was hoped.

In light of these changes, we recommend consultation with our office to review the Estate Tax provisions of your Estate Plan to verify that your current plan is appropriate under the new laws.

Minnesota updates its Power of Attorney Form

On January 1, 2014, the format of the Minnesota Statutory Short Form Power of Attorney was changed by the Minnesota legislature.

Most of our Estate Planning clients have created a Statutory (Financial) Power of Attorney as part of their complete Estate Plan.

The updated format of the Power of Attorney form does not invalidate a Power of Attorney that you have created, but it might be a good time to meet with us to discuss whether it makes sense to update your Power of Attorney.

DON'T CARRY THIS IN YOUR WALLET # 2

It may seem like a good idea to carry an **extra key** to your home in your wallet; however, you'll essentially give the thief who steals your wallet an invitation to your home. Most wallets contain a driver's license or some form of identification with your home address. It's not worth the risk to you, your family and your home to carry the extra key in your wallet.

ESTATE PLANNING IS:

TAKING THE NECESSARY TIME TO PROTECT WHAT YOU HAVE SPENT YOUR ENTIRE LIFETIME

If you have a **WILL** and it has been more than three years since you have reviewed it, please contact our office for an **ESTATE REVIEW**, the first ½ hour is **FREE**.

If you have a **TRUST** and it has been more than one year since you have reviewed it, please contact our office for an **ESTATE REVIEW**, the first ½ hour is **FREE**.



MINNESOTA'S NEW ESTATE TAX LAWS

Year	Minnesota Unified Credit	Minnesota Estate Tax Rates	
		Min. Rate	Max. Rate
2014	\$1,200,000.00	9%	16%
2015	\$1,400,000.00	10%	16%
2016	\$1,600,000.00	10%	16%
2017	\$1,800,000.00	10%	16%
2018 and after	\$2,000,000.00	10%	16%

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RETURN SERVICE REQUESTED

PERSONAL PLANNING TIP: PASSWORDS - As we are required to create passwords for more and more transactions, hackers have become more adept at cracking passwords. Many people use fairly simple passwords which contain entire words. There are computer programs that essentially run through the dictionary in a matter of seconds to see if your password is merely a word. Additionally, if you use information such as birth dates, anniversary years, etc. for your passwords, this information can readily be found through a variety of social media outlets. For the better protection of your private information, consider using passwords that contain [1] upper case letters, [2] lower case letters, [3] numbers and [4] symbols. If you choose a more difficult password, your information will be safer; but remember to keep a password list.

DO YOU WANT TO RECEIVE AN E-MAIL COPY OF ESTATE UPDATE?

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