



Estate Planning

HOW MUCH OF YOUR ESTATE WILL GO TO YOUR HEIRS?



Personal Property

- Autos
- Home furnishings
- Collectibles
- Jewelry and personal items

Savings and Investments

- Cash
- Bank accounts
- CDs
- Stocks, bonds, mutual funds, IRAs, 401(k)s

Real Estate

- Home
- Vacation property
- Rental property
- Farm/ranch land

Business Interests

- Sole proprietorship
- Partnership
- Corporation
- Limited liability company

Insurance

- Life Insurance
- Annuities

Expenses

- Federal estate tax (marginal tax rate may be as high as 45-49 percent depending on the year and is due in cash within nine months of death)
- State inheritance tax
- Probate administration costs
- Attorney/CPA fees
- Debts and obligations
- Mortgages
- Other expenses

By the time your assets make it to your heirs, your estate may shrink by 30 percent or more! Making decisions now can save your family a lot of trouble—and money—when the time comes.

Estate planning: The lifelong process of preserving your assets and making sure they go where you want them to at your death. Plan now to conserve your estate.

Important Estate Planning Information

Changes Under the New Law

The Economic Growth and Tax Reconciliation Act of 2001 increases the credit that may be used against the federal estate tax between 2002 and 2009. The top marginal federal estate tax rates will decrease during this same time period. These legislative changes may decrease the federal estate tax due after the second death.

The federal estate tax system will be repealed during 2010 only. Consequently, there will be no federal estate tax if death occurs in 2010.

A modified carry-over basis rule will be in effect during 2010. Heirs will receive a basis equal to that of the decedent, except the executor may opt to step up the decedent's basis by \$3 million to a surviving spouse and \$1.3 million to other heirs.

Federal Estate Tax Due with No Estate Planning in Tax Year:

(assumes no marital deduction is available)

Taxable Estate	2007-2008	2009	2010	2011
\$1,000,000	\$0	\$0	\$0	\$0
\$1,500,000	\$0	\$0	\$0	\$210,000
\$2,000,000	\$0	\$0	\$0	\$435,000
\$3,000,000	\$450,000	\$0	\$0	\$945,000
\$5,000,000	\$1,350,000	\$675,000	\$0	\$2,045,000
\$10,000,000	\$3,600,000	\$2,925,000	\$0	\$4,795,000

All estates receive a credit against federal estate tax. The applicable credit amount for each year is:
2007-2008 = \$780,800; 2009 = \$1,455,800; 2010 = \$0; 2011 = \$345,800.

In 2000 the credit allowed up to \$675,000 to pass to heirs estate tax free. This amount will increase as follows:
2007-2008 = \$2 million; 2009 = \$3.5 million; 2010 = \$0; 2011 = \$1 million.

Life insurance and annuities underwritten by:
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