

# MD & D.C. Residents: Even Exemption Increases Warrant Revisiting Your Estate Plan

BY GARY ALTMAN, ESQ.


**H**ow much money you can leave to your heirs free of estate/death tax depends on where you live and own property and businesses, to whom you're leaving your assets, and whether your estate planning documents are current. With significant changes being proposed to the Federal tax code, and several states, including Maryland, plus the District of Columbia, tied to that outcome, the time to have your documents reviewed is now so you are well-prepared to make any necessary changes!

## The Bottom Line

With a republican controlled House and Senate, estate tax reform is highly likely. However, there is still quite a lot of uncertainty with respect to the specifics and also the timing. It is important to remember as well that tax code changes, including raising the exemptions, can be easily undone in the future. If you're a resident of or own properties and/or businesses in Maryland, D.C. or another state that's making changes or has made changes recently—even if the change is tax repeal—you need to meet with a qualified estate planning attorney to review your plan, prepare for potential curveballs, consider taking advantage of wealth transfer options and make sure that all of the many critical estate planning decisions that have nothing to do with taxes (i.e. Power of Attorney, Medical Directives, beneficiary designations, etc.) have also been properly addressed.

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## Maryland

Maryland's death tax rules are fully dependent on Federal law. The Maryland estate tax return begins with the federal total gross estate and the allowable deductions from the federal form. Maryland's 2017 exemption level is \$3 million (up from \$2 million in 2016). It will continue to rise to \$4 million in 2018 and it is slated to match the current federal exemption amount of \$5.49 million by 2019. By the time Maryland reaches current Federal exemption level, it's anticipated that only 2 in every 1,000 Maryland estates would be affected.

## D.C.

In 2014, D.C. adopted legislation that would trigger certain tax cuts (including the estate tax) depending on revenue collections. Per a recent announcement from D.C.'s Chief Financial Officer, Jeffrey S. DeWitt, the District met those revenue projections, so the slated estate tax exemption increase from \$1 million to \$2 million for 2017 will proceed. The exemption level may continue to phase up to the Federal level if sufficient revenue becomes available.

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