

Estate Planning: Estate Tax Rates

We pay taxes, based on income each and every working years of our lives, but according to Uncle Sam that's not enough, so we pay taxes on death too. As far as taxes go, the estate tax has always been one of the least accepted forms of taxation. It is a serious revenue generator for the coffers of the US government. There has been much talk in recent years about the repeal of the estate tax, in order to do so we will have to find revenue for another tax source to replace the estate tax. This is easier said than done, so we wait. And we may be waiting for a long time, as there doesn't seem to be a clear solution.

The estate tax is often referred to as the double tax, as it is a second tax. Essentially the estate tax is a form of double taxation, since it's taxing money that really has already been taxed. Though it may not seem fair, it's currently the way it is. The good news is that there are ways to avoid this estate tax, regardless of your tax rate. For the rich, the estate tax is not referred to as the double tax, but rather the volunteer tax. For these individuals who might be classified in the highest tax rate, are often well aware, when it comes to avoiding the estate tax.

All too often, it's the middle class who aren't well-versed in estate planning, and that end up footing the estate tax bill. This is common for even those that may be in a lower tax rate. All they need is a little bit of knowledge, and they too can eliminate the estate tax. To touch on a few of the techniques that the ultra rich utilize to avoid the estate tax, they often use rather mundane estate planning practices. This process doesn't have to be a complicated one. The simplest step to reducing your taxable estate is gifting. You can eliminate large amounts of your estate by simply gifting. Current law allows for a rather large amount of money to be gifted, per individual. So, by gifting to family or predetermined beneficiary such as a charity you can start reducing your estate. And the beauty of gifting is that there is no limit on how many individuals you can give to. Why wait till you die to tax your estate when you can gift it to the same beneficiaries free from the estate tax.

The other popular method to reduce estate taxes is life insurance planning. Life insurance policies are utilized by the rich to find any estate tax bill that may be incurred by future generations. Life insurance can provide a large amount of leverage with a rather small initial outlay. A large estate, with potentially large estate tax consequences can be covered with a rather small life insurance premium. And because life insurance proceeds are not taxable, the life insurance payout is completely free of tax, when set up properly. This is why life insurance has been an integral part of estate planning for years. In fact, life insurance planning is worth taking a closer look at for your estate planning needs. This is not just exclusive to avoiding the estate tax. The synergistic effect, along with the tax advantage of life insurance, makes it an excellent tool for the transfer of wealth.

About the Author

To find more information on the [estate tax](#) rates, you can visit the site for more details. For more on your specific [tax rate](#) broken down by tax brackets, you can get more specifics on that as well.

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