SECTICN 12
PROBATE AND ESTATE TAXES

Perhaps you are wondering whether this protection is really necessary. We believe that a few moments spent in discussing potential losses through death taxes is valuable time to understand the conditions and potential losses that you and your family may face upon death. First, we must consider federal estate taxes. These apply in every state of the Union and are assessed by the U.S. Government upon the death of an individual. If the value of a property owned by that individual exceeds $60,000, then the estate is potentially liable for some federal estate taxes. Federal taxes begin at three percent of the first $5,000 of the taxable assets of an estate and presently go as high as 77 percent on all property over $10,000,000. The maximum federal estate tax on an estate of $10,000,000 is $6,886,200. Your estate may not exceed $10,000,000, but most families in the middle income bracket have estates whose total assets easily exceed $60,000 or $100,000.

On an estate of $1,000,000 federal taxes may total $320,000 or more.

In addition to federal taxes, upon your death, your personal fortune will also be taxed by the state or