



Fein, Such, Kahn & Shepard, P.C.

C O U N S E L L O R S A T L A W

New Jersey to Become a Better Place to Die? **Estate Tax Exemption Rate on the Rise**

March 16, 2011 by [Deirdre Wheatley-Liss](#)



If you follow this blog, you know that New Jersey is the most expensive state to die in. In an effort aimed at changing that distinction, Governor Christie in his budget proposal has recommended increasing the New Jersey Estate Tax Exemption Amount from \$675,000 per person to \$1 million per person.

The New Jersey Estate Tax Exemption Amount is the amount that you can leave to any person upon your death, other than a spouse or charity, without paying any New Jersey estate taxes. (there are no estate taxes on assets passing to spouses and charity). For a married couple, with a properly drafted estate plan, they can effectively shield \$2 million from the New Jersey estate tax under the proposed plan. At present, they can effectively shield \$1,350,000 from the New Jersey estate tax. The real value difference between a \$675,000 exemption amount and a \$1 million exemption amount is \$33,200.

For an estate planning attorney such as myself, the question is what is this law change going to look like? There have been lots of Wills created in the past 10 years since New Jersey instituted its own estate tax. Will those need to be modified to incorporate a change in the New Jersey estate tax exemption amount? Will the tax rates stay the same? In modifying the estate tax rate, will the Legislature also be dealing with issues about incongruities in the current application of the estate tax, particularly with reference to certain elections for assets passing to spouses where for many people there is effectively no federal estate tax given the \$5 million exemption amount. Don't get me wrong, paying less taxes is always a good thing. My hope is that in developing a scheme to reduce the tax burden on New Jersey's residents, it will be done in thoughtful manner that will make the estate tax an appropriate tax plan for its purposes.

This Article does not constitute legal advice nor create an attorney-client relationship.

© Fein, Such, Kahn & Shepard, P.C., all rights reserved. Permission is granted to reproduce and redistribute this article so long as (i) the entire article, including all headings and the copyright notice are included in the reproduction, and (ii) no fee or other charge is imposed.