

## Greetings!

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### E479

#### **1. Reducing the NJ Estate Tax on estates over \$675,000.**

A New Jersey estate tax return must be filed if the decedent's gross estate plus adjusted taxable gifts exceeds \$675,000.

Even if there is no NJ Inheritance Tax there can be a NJ Estate Tax if the estate exceeds \$675,000 and the beneficiaries are children or grand children. There is a substantial tax that must be paid after the 2nd spouse dies on amounts over \$675,000.

You can hire an attorney to set up Trusts or a Will with a Credit Shelter Trust to try to reduce NJ Estate taxes due. We charge a minimum fee of \$400 for each Trust within a Will. A separate stand alone Trust has a minimum fee for \$2,500.

Even if your net worth is well below the Federal threshold where the federal estate tax becomes an issue, the New Jersey Estate Tax may still be a problem. The New Jersey Estate Tax affects any person or married couple with net worth over \$675,000. There is no exemption for assets you leave to your children; those assets are fully taxed, even if in joint names. There is also no exemption for the value of your home and life insurance, so it is easy to hit the \$675,000 threshold very quickly.

If you have assets such as bank accounts in joint names, or bank accounts payable upon death, these go directly to the beneficiary. Your Will cannot change who the beneficiary is on a joint account, payable upon death accounts, or other assets such as Life Insurance policies. You would have to directly contact the bank or company where the assets are held and either direct that they change the beneficiary or not list any beneficiary at all other than your Estate. Therefore, if you have \$1,200,000 in assets, you can change the beneficiary so the husband owns \$600,000 and the wife owns the other \$600,000.

WHAT IS A CREDIT SHELTER TRUST and how can the attorney help Reduce NJ Estate Taxes and protect the surviving spouse and children?

The Credit Shelter Trust (sometimes referred to as a Bypass Trust or an A/B Trust) is a popular estate planning technique used by married couples with combined assets in excess of \$675,000. The purpose of the Credit Shelter Trust is to avoid the wasting of federal and state exemptions on the death of the first spouse. Instead of leaving all assets to the surviving spouse and thereby exposing the surviving spouse's estate to more tax, both spouses' Wills are drafted to establish a Credit Shelter Trust to come into existence and be funded on the first spouse's death.

In a typical Credit Shelter Trust, the surviving spouse is entitled to receive all of the income from the Trust for his or her lifetime, and has the right to demand principal distributions for his or her health, education, support and maintenance in his or her accustomed manner of living. Distributions in excess of that standard require the cooperation of a Co-Trustee - often an adult child of the surviving spouse or a trust department of a bank.

The amount, which funds a typical Credit Shelter Trust, varies according to a particular Client's financial and family circumstances. For Federal Estate Tax purposes, a Credit Shelter Trust can be funded with the Decedent's remaining federal estate tax exemption (\$5.4 million as of 2015 if no prior gifts have been made). However, in New Jersey, since the state estate tax exemption is only \$675,000, if the Credit Shelter Trust is funded with more than \$675,000, this will cause some New Jersey Estate Tax to be paid. For example, if the \$2 million is funded, the tax to the State of New Jersey is \$99,600. Because of this, many Clients choose to fund the Credit Shelter Trust with only \$675,000.

If the Credit Shelter Trust technique is implemented as part of a Clients Estate Plan, you can hire the attorneys for a separate fee to assist the Client in re-titling his or her assets so that assets are available to fund the Credit Shelter Trust. Re-titling is necessary because most Clients tend to hold assets jointly with right of survivorship and assets must be titled individually in a persons name in order to be eligible to fund a Credit Shelter Trust. We work with a tax attorney to help our clients. Source:

<http://www.davidkwhitlock.com/CM/FAQ/What-Is-Credit-Shelter-Trust.asp>:

Examples of NJ Estate Tax due if no estate planning:

**Estate of \$800,000 and no spouse**

Your Estimated NJ Estate Tax: \$22,799.60

**If Estate Value: \$900,000.00**

Your Estimated NJ Estate Tax: \$27,600.00

**If Estate Value: \$1,000,000.00**

Your Estimated NJ Estate Tax: \$33,200.00

**If Estate Value: \$1,100,000.00**

Your Estimated NJ Estate Tax: \$38,800.00

**If Estate Value: \$1,200,000.00**

Your Estimated NJ Estate Tax: \$45,200.00

**If Estate Value: \$1,300,000.00**

Your Estimated NJ Estate Tax: \$51,600.00

**ADMINISTRATION OF AN ESTATE**

If you are named the executor, you must visit the County Surrogate to probate the Will.

You will need the following items:

1. The Death Certificate
2. The Original Will
3. Names and Addresses of decedents, next of kin and list of beneficiaries
4. Minimum of \$130.00 for Surrogate fees

A NJ state inheritance tax return must be filed if real estate is left and the tax may be required on the transfer of real or personal property within eight months after death.

Call our office to schedule a confidential appointment 732-572-0500

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**2. Include Organ donation in your Living Wills**

Each day a lucky 55 people (or so) receive an organ transplant, but another 55,000 are on the waiting list.10 people on the waiting list die each day, because not enough organs are available.Four thousand of them die each year while waiting. Every 16 minutes a new name is addedto the National Organ Transplant waiting list.

**To Remember Me - I will live forever**

**By Robert N. Test**

The day will come when my body will lie upon a white sheet neatly tucked under four corners of a mattress located in a hospital busily occupied with the living and the dying. At a certain moment, a doctor will determine that my brain has ceased to function and that, for all intents and purposes, my life has stopped. When that happens, do not attempt to instill artificial life into my body by the use of a machine, and don't call this my death bed. Let this be called the bed of life, and let my body be taken from it to help others lead fuller lives. Give my sight to the man who has never seen a sunrise, a baby's face or love in the eyes of a woman. Give my heart to a person whose own heart has caused nothing but endless days of pain. Give my blood to the teenager who was pulled from the wreckage of his car, so that he might live to see his grandchildren play. Give my kidneys to one who depends on a machine to exist. Take my bones, every muscle, every fiber and nerve in my body and find a way to make a crippled child walk. Explore every corner of my brain. Take my cells, if necessary, and let them grow so that someday a speechless boy will shout at the crack of a bat and a deaf girl will hear the sound of rain against her window. Burn what is left of me and scatter the ashes to the winds to help the flowers grow. If you must bury something, let it be my faults, my weaknesses and all prejudice against my fellow man. Give my sins to the devil. Give my soul to God. If by chance you wish to remember me, do it with a kind deed or a word to someone who needs you. If you do all I have asked, I will live forever.

Robert N. Test

Source <http://journeyofhearts.org/kirstimd/remember.htm>

Important Recent Case

**3. Ziplock bag could be seized if outside of car. State v. Jessup \_\_\_NJ Super. \_\_\_ (App. Div. 2015) A-2458-14T2**

Defendant had no expectation of privacy in a zip-lock bag containing controlled dangerous substances that the police saw him place on top of a parked car's rear tire.

**4. Next free community seminars**

November 10 at 11:45 Wills & Power of Attorney Seminar  
South Brunswick Library  
110 Kingston Lane  
Monmouth Junction NJ 08852

November 12 at 7pm Wills & Power of Attorney Seminar  
Piscataway Library Kennedy Branch

November 17 at 1pm Wills & Power of Attorney Seminar  
Old Bridge Library  
1 Old Bridge Plaza  
Old Bridge NJ 08857  
[last program for the year]

**5. Fall Charity races**

10/25 Trick or Trot 5k 11am now at Deal Casino  
10/28 RVRR Halloween pub-crawl New Brunswick  
11/1 RUN with the VIKINGS 5K 10:00 AM South Brunswick High School, Bob Tonas event [Ken V cant attend, but its a good race]  
11/8 Hashathon 6.6 Mile Cheesequake challenging, dangerous trails, free beer, best post race party 732-542-6090 11am Ken V cant attend, but its a good race  
11/14 Saturday SOMERSET TURKEY TROT Run for the Turkeys! 5K-road race @9:30am  
Sunday, November 15, 2, 4, or 6 miles, Gobbler Express Train Run, Asbury Park, New Jersey not a race  
rain Run - Gobbler Express Sunday, November 15, 2015 Train Leaves The Station at 10:58 AM Check in Starts at 9:30 AM at Johnny Macs Located at 208 Main Street in Asbury Park - Across from Train Station  
11/21 Manasquan Turkey Run 5-mile 11am party at taverns after race discount beer  
11/27 Born to Run 5 mile Freehold 11am  
11/28 Crazy Eddie Memorial Hash run- not a race, trail hash with beverage stops  
11/29 Navesink 15k & 5k 10am Post race at Red Bank elks

Editors Note and Disclaimer:

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