

# ESTATE PLANNING

## HISTORY OF ESTATE & GIFT TAX LAWS

As you can see from history, Congress has changed estate and gift tax laws numerous times over the years and is likely to continue to do so. This uncertainty reinforces the value and importance of proper planning. **PLANNING IS NEEDED NOW AS MUCH AS EVER.**

<b>1797</b>	Enacted federal stamp act to pay for naval buildup for undeclared war with France
<b>1802</b>	Repealed when threat of war ended
<b>1862</b>	Enacted Tax Act of 1862 establishing an inheritance tax to pay for Civil War expenses
<b>1864</b>	Enacted first gift tax to pay for mounting Civil War expenses
<b>1870</b>	Repealed when Civil War costs diminished
<b>1898</b>	Enacted an inheritance tax to fund the Spanish American war
<b>1902</b>	Repealed when war ended
<b>1916</b>	Enacted estate tax as a means to redistribute wealth
<b>1924</b>	Enacted gift tax to prevent avoidance of estate and income tax through lifetime transfers of property
<b>1926</b>	Repealed gift tax
<b>1936</b>	Reinstated gift tax to finance government during depression
<b>1930-2001</b>	Numerous modifications enacted by Congress during this time resulted in changes, delays and complete repeal of provisions affecting estate and gift tax legislation.
<b>2001-2010</b>	The Economic Growth and Tax Relief Reconciliation Act, enacted by Congress in 2001, resulted in gradual increases in the estate tax exemption, leading to repeal of estate taxes in 2010. The gift tax exemption was extended through 2010 at \$1 million.
<b>2011-2017</b>	Estate tax and lifetime gift exemption increased to \$5 million (\$5.49 MM in 2017). Estate tax rate is at 40%.
<b>2017 and Future</b>	<b>??</b>

Source: A.M. Best Special Report, May 21, 2001.



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