

Evaluating Your Gross Estate

One of the first steps in determining your federal estate tax liability is determining what assets and property are considered part of your estate. From this starting point, it will be easier to project future estate growth and develop the appropriate strategies for meeting your ultimate goals.

Treasury regulations relating to the taxation of property owned at death contain a catch-all definition that the "gross estate of a decedent who was a citizen or resident of the United States at the time of his death includes the value of all property, whether real or personal, tangible or intangible, and wherever situated, beneficially owned by the decedent at the time of his death."

Taking Stock

Among those often overlooked items that are includable in your estate are your rights to future income, such as your right to payments under a deferred compensation agreement or partnership income continuation plan. Likewise, your interests in any business you own at your death are includable in your gross estate. In addition, your personal property, investments, real estate, retirement plans, and proceeds of life insurance policies that you own are also included. The value of Social Security survivor benefits, either lump sum or monthly annuity, are not included in your gross estate.

The actual task of determining what is includable in your gross estate can require some in-depth analysis. Your estate should be re-evaluated each year so your beneficiaries and heirs will be spared from facing agonizing decisions over your wishes and federal estate tax requirements. In addition, the use of certain estate planning documents, coupled with any necessary adjustments to property ownership, has the potential to minimize estate taxes and maximize any estate tax credits.

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