



# "Giving" Advice

Inspiring and Connecting Thoughtful Giving



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## ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to

## Leaving Property to the Kids

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SPECIAL REPORT  
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Robert P. Goldman

Real estate investors, with all of their optimism about the growth in real estate values, are constantly asking about the ever-changing landscape of federal and state estate taxes, about planning for liquidity at their deaths, about how their choice of entity affects their exposure to taxes, and about how gifts to trusts and charities can benefit them, their families, and their communities. Here is the deal.

## STATUS OF ESTATE TAXES

Currently, the federal estate tax applies to estates exceeding \$1.5 million, except for the unlimited amounts that can pass to a surviving spouse or to charity. The \$1.5 million exemption is scheduled to rise to \$2 million next year, and to \$3.5 million in 2009. Where the tax applies, the rate is high, roughly a flat 45 percent.

As has been well reported and mocked, the tax is scheduled to be repealed altogether for estates of folks who die in the year 2010, but then —because congressional anti-deficit budget rules did not permit such tax reduction to extend beyond the year 2010—the tax is scheduled to come back in the year 2011 with refreshed vigor, offering an exemption of only \$1 million and tax rates that reach 50 percent.

Most states have responded to another change—under which the federal tax is no longer shared with the states—by beefing up their own death taxes, with rates as high as 10 percent to 16 percent for moderate and large estates. The state taxes, however, are deductible in computing the federal tax.

Congress seems to be considering everything from doing nothing and