

Will You Owe Federal Estate Taxes? - Transcript

Tom Mullooly: In episode 115, we're going to talk about how much you're going to owe in federal estate taxes.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 115. Thanks for tuning in.

Recently asked a group of people a very, very informal, unscientific poll. "Hey, what's the threshold do you need to be at to be required to pay federal estate taxes?" Not income taxes, federal estate taxes.

Answers were very eye-opening. I heard, "\$500,000, you need to pay your estate taxes." I heard someone else say, "\$750,000." Someone chimed in with a million dollars, and they were corrected because someone's sitting next to him said, "Oh no, no, no. I heard that was recently raised to \$2,000,000."

We're recording this in 2018. The current threshold is \$11,180,000. I'll say that number again. \$11,180,000 per person. So married couples, hey, good news. You have \$22,360,000 that you can worry about before federal estate taxes even come into the equation. Good for you. So that's a lot of money. If your assets, all of your assets add up to some number that's less than \$11 million, federal estate taxes, not a problem for you.

Now, that doesn't mean that you can skip out on estate planning because while a lot of people aren't subject to estate taxes anymore, everybody needs an estate plan. You still need a will. I am stunned at the number of people that I bump into that don't have a will. A will is your last wishes. What's wrong with you? You need to do this. There was a survey done last year in 2017 by caring.com. I still can't believe this. So 42% of US adults have a will or a living trust. 42%, more than half of the people that you see on the street, no will, no estate plan.

Now wait, it gets better. For US Adults that have children at home, under the age of 18, only 36% of them have a will.

What the hell? You have children. What are you doing?

They need to be taken care of. What happens if something happens to you? You also need a financial power of attorney. We see this happening all the time in our office. You should have someone appointed, and you need to have that paperwork on file, ready to go if something should happen to you.

If you're incapacitated, you got to pay bills, right? You're going to get evicted if you don't pay your mortgage, you don't pay your rent. You're going to have some problems. You're going to need money. You're going to have to have these things in place. You need to get a financial power of attorney. You need to have a will. When you get that person, whether it's a family member or a friend, business associate, it doesn't matter. When you get that person, and it's all

legalized, it's all in a document that your lawyer can put it together. Bring that person down to the office and have them meet your broker or your financial planner or your investment advisor.

The worst thing that you want to experience or have experienced to you because you're in a hospital is someone calling up and say, "Hey, so-and-so's in the hospital. We're going to need money." First of all, if we don't have the paperwork, we're hanging up. We can't talk to anyone else on your behalf without all the proper paperwork in place. And secondly, you might wind up ripping up some glorious-looking investment accounts that you spent years and years building.

Think about this stuff. It's really, really important. Your family depends on it.

That's enough for episode 115. Thanks for tuning in.