

LETTER NOTIFYING CLIENT OF OREGON ESTATE TAX LAW CHANGES

Re: Notice of Oregon Estate Tax Law Changes That May Affect Your Estate Plan

Dear *[Name]*:

As you are probably aware, the federal estate tax law has changed dramatically in the last few years. You may not be aware, however, of changes in the Oregon estate tax that could also affect your estate planning. The Oregon Legislature enacted a number changes since 2003.

Until 2003, the federal estate tax and Oregon estate tax exclusion amounts were the same. As part of the budget balancing process in 2003, the Oregon Legislature moved to disconnect from the current federal estate tax exclusion amounts, and instead adopted lower exemption levels for the Oregon estate tax. For example, if a person died in 2017 with a taxable estate valued at \$1.5 million, no federal estate tax would be due, because the current federal exclusion amount is \$5,490,000.¹ However, the Oregon exemption amount is set at only \$1,000,000. Therefore, even though a \$1.5 million estate would owe no federal tax, the Oregon estate tax could be as much as \$50,000.

For married couples, this change may cause an unexpected surprise. When the first spouse passes away, it is possible that an Oregon estate tax may be due. But it is more likely that an Oregon tax will be due after the second death.

I am contacting you because our firm has previously prepared estate planning documents for you. At the time your documents were prepared, we used the estate tax rules then in effect to achieve no federal estate or Oregon estate tax liability when the first spouse dies. Because of these tax changes, however, it is possible that the current estate planning documents we prepared for you may result in an Oregon estate tax being due when the first spouse passes away. Even though the Oregon Legislature enacted legislation in 2005 to allow certain trusts to qualify for the deferral of Oregon estate tax when the first spouse dies, only certain trusts will qualify for the special treatment.

To find out if this tax could be a problem for you, it is important that you call our office to schedule an appointment so we can review this matter with you and discuss the changes that may affect your estate plan.

Very truly yours,

[Attorney]

[Firm]

IMPORTANT NOTICES

¹ This amount is scheduled to increase with the future rate of inflation.

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