



DON'T TAX YOURSELF

A Publication of Bowditch & Dewey's Estate, Financial & Tax Planning Group

Scott Cashman Quoted in Forbes' "Where Not To Die In 2022: The Greediest Death Tax States"

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Some states began reducing income taxes last year; however, only Iowa and Nebraska have made substantial changes to their state or inheritance taxes. Other states have decreased death taxes through previously scheduled changes or adjustments for inflation, but some jurisdictions continue to tax estates at levels that haven't changed in years. Massachusetts is one of these states.

Massachusetts' \$1 million exemption hasn't been adjusted for inflation since 2006; if it had, it would be closer to \$1.5 million today. With houses and retirement accounts appreciating, this means the heirs of middle-income individuals can face a large tax bill. Scott Cashman spoke with *Forbes* about the implications:

"You can be real estate rich with a modest home, and your estate could be subject to this," he says. "It's becoming more of an issue every year." As an example, if a widow or widower died with a house worth \$535,000, a \$200,000 bank account, a \$350,000 retirement account, and a \$15,000 car, their estate would be worth \$1.1 million. Assuming \$50,000 in deductions, Cashman calculates the estate tax at \$20,500. (When assets are left to a spouse there's no estate tax, but in this case the heirs are children.) However, if the house is worth \$1 million, the tax would be \$65,360. Furthermore, in Massachusetts, there is what's known as the cliff: Once the \$1 million mark is crossed, the estate tax applies to everything over \$40,000. "I don't know if most legislators understand that," he says.

A bill introduced by Democratic state senators as part of a broader tax reform package would increase the state's exemption amount to \$2 million and only levy tax above that amount, a move that would remove the cliff.

"We have such a surplus now, this is the time to do it," says Cashman. "There's broad-based support for reform."

Continue reading "[Where Not To Die In 2022: The Greediest Death Tax States](#)" on the *Forbes* website.