



Trends in Wealth Management and Estate Planning

Presented by:

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Northern Trust

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Demographic Trends

TRENDS

LEGAL ENVIRONMENT

IMPLICATIONS

Death & Taxes

2012 Tax Act
2015 And Beyond?
Repeal of the Rule
Against Perpetuities

Enlarged Transfer Tax
Window, State Death Taxes



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I. Evaluate Non-tax Issues

- Sufficiency of Wealth
- Role of Wealth in Family
- Impact of Wealth Transfer

II. Evaluate Assets

- Basis
- Appreciation Potential
- Control/Management Issues

III. Maximize Excludable Gifts

- Annual Exclusion Gifts - \$14,000 Per Donee in 2015
- Qualified Educational & Medical Transfers - Unlimited

IV. Use Gift Exemption to Address Unique Family and Asset Circumstances

- Loan Forgiveness
- Compensating Gifts
- Special Needs Trusts for Disabled Family Member
- Special Purpose Trusts for Unique Assets
- Spousal/Family Gift Trusts

V. Use Gift and GST Exemptions to Fund Long Term Trusts

- Use states which have repealed, optioned or extended the rule against perpetuities
- Design trusts with more than “Lifetime” flexibility

VI. Use Leveraging Techniques for Large Transfers

- Grantor retained annuity trusts
- Gifts eligible for marketability and minority discounts
- Sales or gifts to intentionally defective grantor trusts
- Intra-family asset sales and low interest loans
- Qualified personal residence trusts

VII. Think Outside the Box...and the Code when Planning for non-traditional Families

- Pre-fund inheritances for children of earlier marriage(s)
- Use spray trusts sparingly in blended families
- Plan for notice and disclosure
- Be deliberate about discretionary standards
- Consider non-qualified charitable remainder trusts



Non-Qualified Charitable Remainder Trust

- Not Treated as Qualified Split Interest Trust Under Code Section 664

- Life estate may include:
 - ◆ Net income
 - ◆ Unitrust or annuity interest
 - ◆ Discretionary principal
 - ◆ 5 & 5 withdrawal power

- No tiering for distributions (Code Section 664(b))

- No UBTI

- Not tax exempt under Code Section 664(c)

- No income tax deduction for present value of remainder interest

Federal Estate Tax Exemptions and Rates

<u>Year</u>	<u>Estate Tax Exemption</u>	<u>Top Estate Tax Rate</u>
<u>1997</u>	<u>\$600,000</u>	<u>55%</u>
<u>1998</u>	<u>\$625,000</u>	<u>55%</u>
<u>1999</u>	<u>\$650,000</u>	<u>55%</u>
<u>2000</u>	<u>\$675,000</u>	<u>55%</u>
<u>2001</u>	<u>\$675,000</u>	<u>55%</u>
<u>2002</u>	<u>\$1,000,000</u>	<u>50%</u>
<u>2003</u>	<u>\$1,000,000</u>	<u>49%</u>
<u>2004</u>	<u>\$1,500,000</u>	<u>48%</u>
<u>2005</u>	<u>\$1,500,000</u>	<u>47%</u>
<u>2006</u>	<u>\$2,000,000</u>	<u>46%</u>
<u>2007</u>	<u>\$2,000,000</u>	<u>45%</u>
<u>2008</u>	<u>\$2,000,000</u>	<u>45%</u>
<u>2009</u>	<u>\$3,500,000</u>	<u>45%</u>
<u>2010*</u>	<u>\$5,000,000</u>	<u>35%</u>
<u>2011</u>	<u>\$5,000,000</u>	<u>35%</u>
<u>2012</u>	<u>\$5,120,000</u>	<u>35%</u>
<u>2013</u>	<u>\$5,250,000</u>	<u>40%</u>
<u>2014</u>	<u>\$5,340,000</u>	<u>40%</u>
<u>2015</u>	<u>\$5,430,000</u>	<u>40%</u>

* 2010 Estates could elect between a \$5million exemption and full basis step-up or an unlimited exemption and modified carryover basis



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Federal Estate Tax Returns – Filing Statistics

Year of Filing	Estate Tax Exemption	FETs Filed	FETs Paying Tax	Net FET Paid
2001	\$675,000	109,562	50,456	\$23.7BB
2004	\$1,000,000 - \$1,500,000	42,239	19,294	\$22.2BB
2007	\$2,000,000	38,031	17,416	\$22.5BB
2009	\$2,000,000 - \$3,500,000	33,515	14,713	\$20.6BB
2010	\$3,500,000 - \$5,000,000	15,191	6,711	\$13.2BB
2011	\$5,000,000 or Unlimited	4,588	1,480	\$3.1BB
2013	\$5,120,000 - \$5,250,000	10,568	4,687	\$12.7BB

Data from Internal Revenue Service





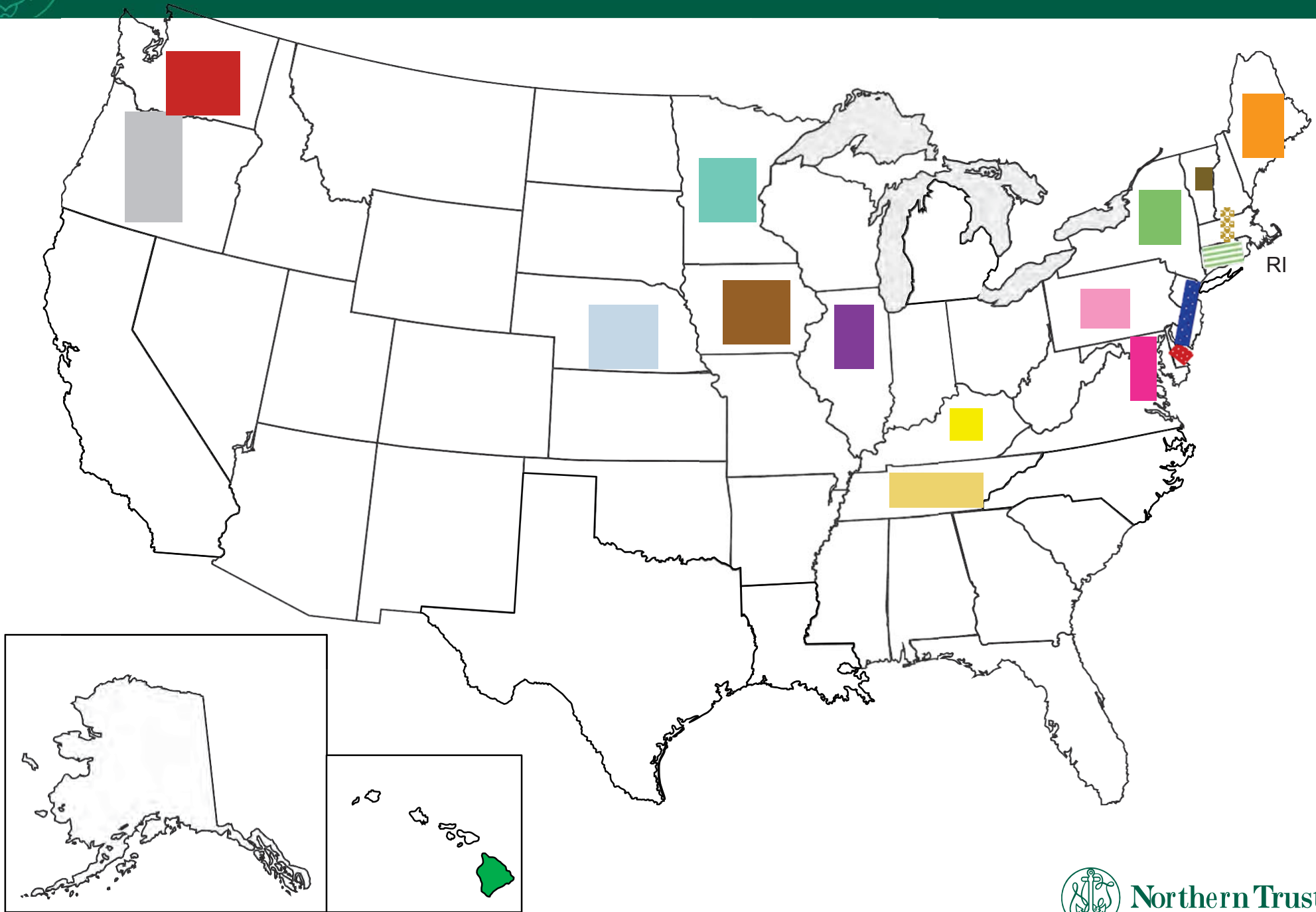
Federal Gift Tax Returns – Filing Statistics

Year of Gift	Exemption	709's Filed	709's Paying Tax	Gift Tax Paid
1997	\$ 600,000	218,009	15,717	\$ 3.2BB
2003	\$ 1,000,000	270,423	6,662	\$ 1.6BB
2009	\$ 1,000,000	234,714	10,718	\$ 2.7BB
2010	\$1,000,000	223,093	9,645	\$ 2.5 BB
2011	\$1,000,000	219,544	10,982	\$ 6.2BB
2013	\$5,250,000	369,063	5,638	\$ 4.7BB


















Data from Internal Revenue Service



States Imposing State Estate, Inheritance, or Both Taxes 2015



States Imposing State Estate, Inheritance, or Both Taxes 2015

Connecticut		Tennessee	
Delaware		Vermont	
District of Columbia		Washington	
Hawaii			
Illinois			
Iowa			
Kentucky			
Maine			
Maryland			
Massachusetts			
Minnesota			
Nebraska			
New Jersey			
New York			
Oregon			
Pennsylvania			
Rhode Island	RI		



Demographic Trends

TRENDS

LEGAL ENVIRONMENT

IMPLICATIONS

Death & Taxes

2001 Tax Act (EGTRRA)
2010 Tax Inaction

Pre and Post-Mortem Estate
Planning Strategies, De-Coupling,
Formula Failures

**Changes in
Capital Markets**

**Prudent Investor Rule
Uniform Prudent Management
of Institutional Funds Act**

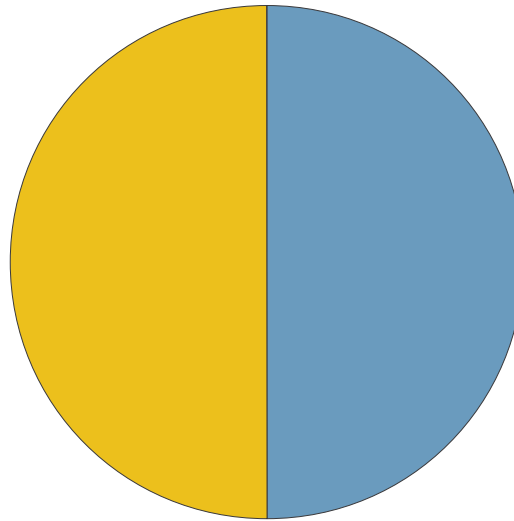
**Evolution of Securities
Markets and Asset
Management Practices**





Traditional Trust Portfolio (Pre-Prudent Investor Rule)

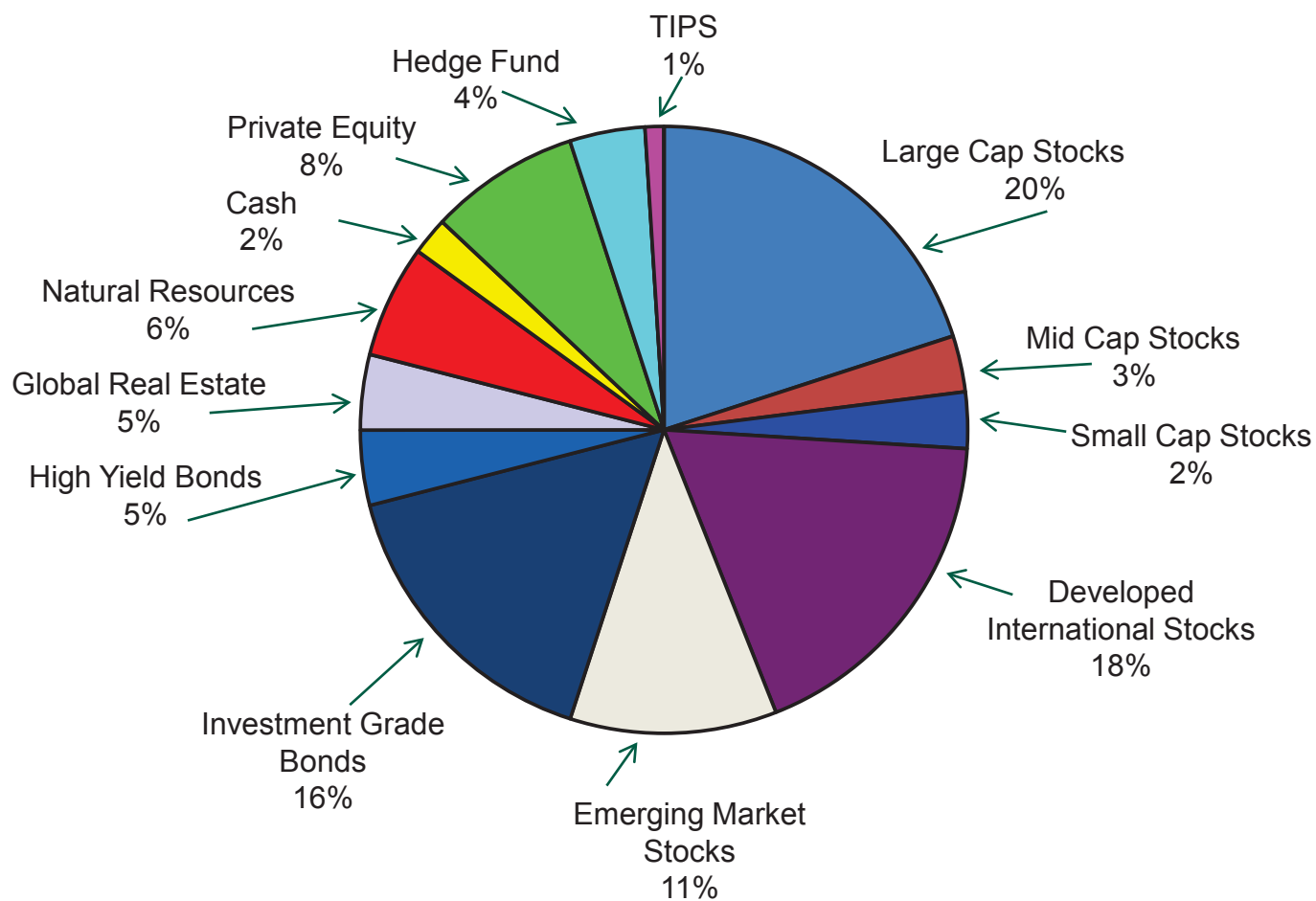
Large Cap
Domestic Stocks
50%



Domestic
Bonds and Cash
50%



Diversified Trust Portfolio – Post-Prudent Investor Rule *



*Strategic Allocation (After Tax – Accredited) Growth with Moderate Income

1. Nature of Trust
 - Traditional net income/discretionary principle
 - Total return unitrust
 - Net income with principal adjustments
 - Impact of unitrusts/adjustments on allocation of tax attributes
2. Cash flow requirements, risk tolerance
3. Time horizon
4. Trust Tax Attributes
5. Asset Location
6. Asset Allocation

7. Degree of diversification
 - Asset Class
 - Sub-asset Class
 - Style
 - Manager
 - Country
8. Balance between active and passive investing
9. Balance between individually managed securities and commingled management
10. Proprietary v. delegated asset management
11. Ultimate costs of asset management/impact on return



Demographic Trends

TRENDS	LEGAL ENVIRONMENT	IMPLICATIONS
Death & Taxes	2001 Tax Act (EGTRRA) 2010 Tax Inaction	Pre and Post-Mortem Estate Planning Strategies, De-Coupling, Formula Failures
Changes in Capital Markets	Prudent Investor Rule Uniform Prudent Management of Institutional Funds Act	Evolution of Securities Markets and Asset Management Practices
Decline in Yields	Unitrusts and Principal / Income Adjustments	Changes in Asset Allocation, Distribution Practices, and Taxation of Distributions



10 YEAR U.S. TREASURY YIELD



Sources: Northern Trust Investment Strategy, Bloomberg. Monthly data through 8/31/2015.



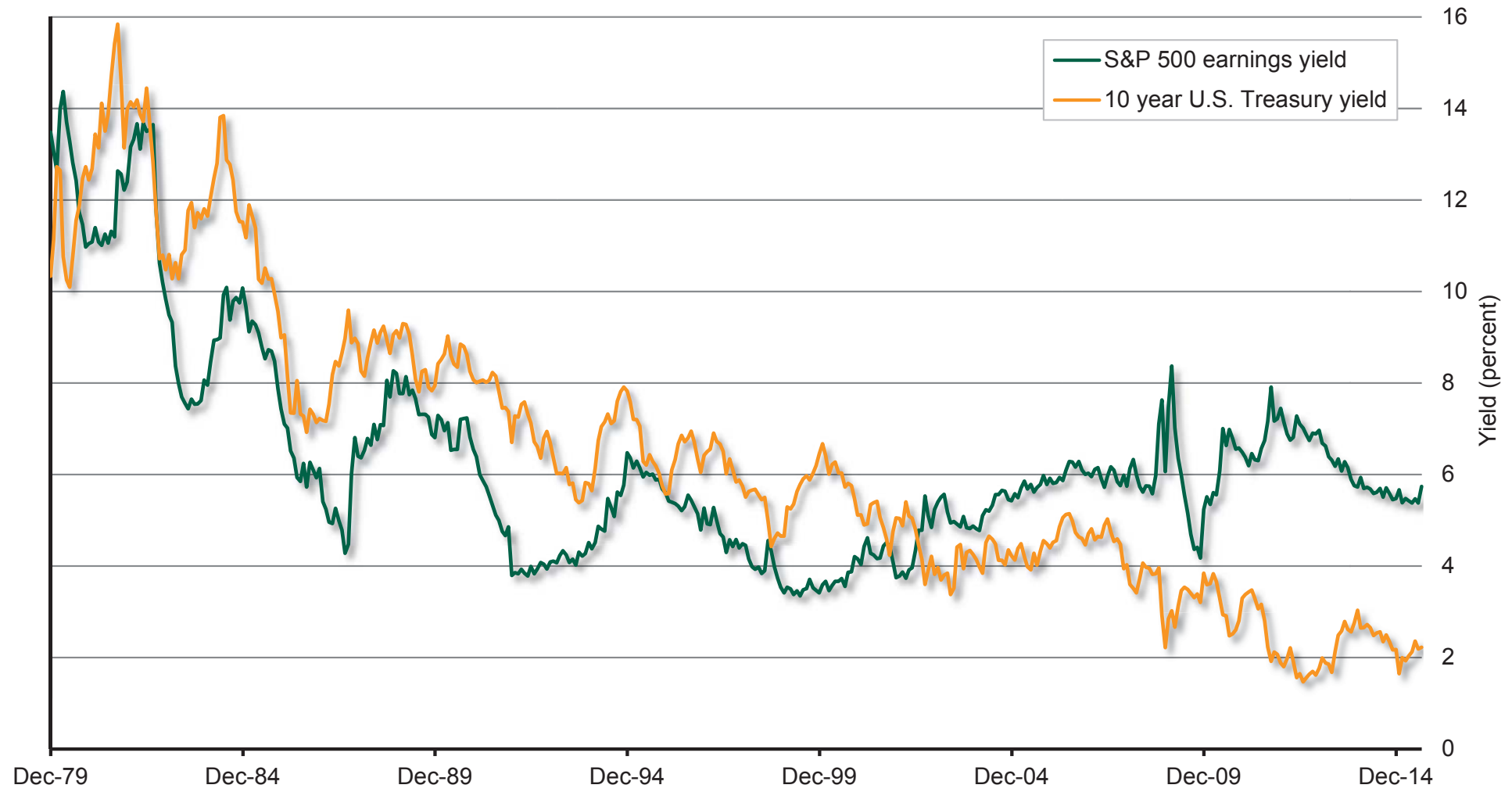
S&P 500 DIVIDEND YIELD



Sources: Northern Trust Investment Strategy, Bloomberg. Monthly data through 8/31/2015.



S&P 500 EARNINGS YIELD VERSUS 10 YEAR TREASURY YIELD



Sources: Northern Trust Investment Strategy, Bloomberg. Monthly data through 8/31/2015.

Unitrust & Adjustment Statutes – 2015

State	Power to Adjust	Unitrust Conversion
Alabama	Yes	Yes
Alaska	Yes	Yes
Arizona	Yes	Yes
Arkansas	Yes	No
California	Yes	Yes
Colorado	Yes	Yes
Connecticut	Yes	No
Delaware	Yes	Yes
District of Columbia	Yes	No
Florida	Yes	Yes
Georgia	Yes	Yes
Hawaii	Yes	No
Idaho	Yes	No
Illinois	No	Yes
Indiana	Yes	Yes
Iowa	Yes	Yes

Unitrust & Adjustment Statutes – 2015 (continued)

State	Power to Adjust	Unitrust Conversion
Kansas	Yes	Yes
Kentucky	Yes	Yes
Louisiana	Yes	S/H
Maine	Yes	Yes
Maryland	Yes	Yes
Massachusetts	Yes	No
Michigan	Yes	No
Minnesota	Yes	No
Mississippi	Yes	No
Missouri	Yes	Yes
Montana	Yes	No
Nebraska	Yes	Yes
Nevada	Yes	Yes
New Hampshire	Yes	Yes
New Jersey	Yes	S/H
New Mexico	Yes	Yes
New York	Yes	Yes

Unitrust & Adjustment Statutes – 2013 (continued)

State	Power to Adjust	Unitrust Conversion
North Carolina	Yes	Yes
North Dakota	No	No
Ohio	Yes	S/H
Oklahoma	Yes	No
Oregon	Yes	Yes
Pennsylvania	Yes	Yes
Rhode Island	Yes	Yes
South Carolina	Yes	Yes
South Dakota	Yes	Yes
Tennessee	Yes	Yes
Texas	Yes	Yes
Utah	Yes	Yes
Vermont	Yes	Yes
Virginia	Yes	Yes
Washington	Yes	Yes
West Virginia	Yes	Yes
Wisconsin	Yes	Yes
Wyoming	Yes	Yes

S/H: These states enacted a §104 power to adjust with a safe harbor for unitrusts



Conditions to Exercising the Power to Adjust

- Trust assets must be managed as a prudent investor (under the prudent investor rule), i.e., from a total return perspective; and
- The document must describe the amount that may or must be distributed to a beneficiary by referring to the trust's income; and
- The trustee must engage in the following process:
 - Apply the terms of the document
 - Decide whether to exercise discretion under it
 - Apply the provisions of the Act if the document doesn't contain a different provision or give the trustee discretion
 - Determine whether the document clearly manifests an intent to be partial; and, if it does not...
 - Conclude that the trustee cannot be fair, reasonable and impartial without making the adjustment



Factors to Consider in Deciding Whether to Adjust

- Nature, purpose and expected duration of the trust
- Intent of the settlor
- Identity and circumstances of the beneficiaries
- Needs for liquidity, regularity of income, and preservation/appreciation of capital
- Nature of the assets: whether marketable or closely-held, personal or real property, used by a beneficiary, purchased by the trustee or received from the settlor
- Net amount allocated to income under other parts of the law, and the resulting increase or decrease in the value of the principal assets
- Whether and to what extent the document gives the trustee the power to invade principal or accumulate income or prohibits the trustee from doing either, and the extent to which the trustee has in fact done either of those in the past
- Actual and anticipated effect of economic conditions on principal and income and effects of inflation and deflation; and
- Anticipated tax consequences of an adjustment (See Exhibit A)



A Trustee May Not Make an Adjustment

- That diminishes the income interest in a trust that requires all of the income to be paid at least annually to a spouse and for which an estate tax or gift tax marital deduction would be allowed, in whole or in part, if the trustee did not have the power to adjust (a reallocation from principal to income is permitted, however)
- If the actuarial value of the income interest in a trust to which a person transfers property, intending to qualify for a gift tax exclusion, would be reduced
- If the amount payable as fixed annuity or unitrust amount would be changed
- From any amount that is permanently set aside for charitable purposes under a will or the terms of a trust unless both income and principal are so set aside
- If possessing or exercising the power to adjust causes an individual to be treated as owner of all or part of the trust for income tax purposes and the individual would not be treated as the owner if the trustee did not possess the power to adjust
- If possessing or exercising the power to adjust causes all or part of the trust assets to be included for estate tax purposes in the estate of an individual who has the power to remove and/or appoint a trustee and such would not be the case if the trustee did not possess the power to adjust
- If the trustee is a beneficiary of the trust or
- If the trustee is not a beneficiary, but the adjustment would benefit the trustee directly or indirectly



Demographic Trends

TRENDS	LEGAL ENVIRONMENT	IMPLICATIONS
Death & Taxes	2001 Tax Act (EGTRRA) 2010 Tax Inaction	Pre and Post-Mortem Estate Planning Strategies, De-Coupling, Formula Failures
Changes in Capital Markets	Prudent Investor Rule Uniform Prudent Management of Institutional Funds Act	Evolution of Securities Markets and Asset Management Practices
Decline in Yields	Unitrusts and Principal / Income Adjustments	Changes in Asset Allocation, Distribution Practices, and Taxation of Distributions
Wealth Diminution, Reconstitution	Fiscal and Tax Environment Regulatory Environment	Risk Aversion, Tax Navigation, Wealth Transfer Opportunities



All States Individual Income Tax Rates 2015

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
Ala.	2.00%	>	\$0	2.00%	>	\$0	\$2,500	\$7,500	\$1,500	\$3,000	\$1,000
(b, f)	4.00%	>	\$500	4.00%	>	\$1,000					
	5.00%	>	\$3,000	5.00%	>	\$6,000					
Alaska			none			none	n.a.	n.a.	n.a.	n.a.	n.a.
Ariz.	2.59%	>	\$0	2.59%	>	\$0	\$5,009	\$10,010	\$2,100	\$4,200	\$2,300
(e)	2.88%	>	\$10,000	2.88%	>	\$20,000					
	3.36%	>	\$25,000	3.36%	>	\$50,000					
	4.24%	>	\$50,000	4.24%	>	\$100,000					
	4.54%	>	\$150,000	4.54%	>	\$300,000					
Ark.	1.00%	>	\$0	1.00%	>	\$0	\$2,000	\$4,000	\$26	\$52	\$26
(d, e)	2.50%	>	\$4,299	2.50%	>	\$4,299					
	3.50%	>	\$8,399	3.50%	>	\$8,399					
	4.50%	>	\$12,599	4.50%	>	\$12,599					
	6.00%	>	\$20,999	6.00%	>	\$20,999					
	7.00%	>	\$35,099	7.00%	>	\$35,099					
Calif.	1.00%	>	\$0	1.00%	>	\$0	\$3,992	\$7,984	\$108	\$216	\$333
(a, e, r, s)	2.00%	>	\$7,749	2.00%	>	\$15,498					
	4.00%	>	\$18,371	4.00%	>	\$36,742					
	6.00%	>	\$28,995	6.00%	>	\$57,990					
	8.00%	>	\$40,250	8.00%	>	\$80,500					
	9.30%	>	\$50,689	9.30%	>	\$101,738					
	10.30%	>	\$259,844	10.30%	>	\$519,688					
	11.30%	>	\$311,812	11.30%	>	\$623,624					
	12.30%	>	\$519,867	12.30%	>	\$1,000,000					
	13.30%	>	\$1,000,000	13.30%	>	\$1,039,374					
Colo.			4.63% of federal taxable income			4.63% of federal taxable income	n.a.	n.a.	n.a.	n.a.	n.a.
Conn.	3.00%	>	\$0	3.00%	>	\$0	n.a.	n.a.	\$15,000	\$24,000	\$0
(t, u)	5.00%	>	\$10,000	5.00%	>	\$20,000					
	5.50%	>	\$50,000	5.50%	>	\$100,000					
	6.00%	>	\$100,000	6.00%	>	\$200,000					
	6.50%	>	\$200,000	6.50%	>	\$400,000					
	6.70%	>	\$250,000	6.70%	>	\$500,000					



All States Individual Income Tax Rates 2015 (continued)

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Del. (f, r, v)	2.20%	> \$2,000	2.20%	> \$2,000	\$3,250	\$6,500	\$110	\$220	\$110
	3.90%	> \$5,000	3.90%	> \$5,000					
	4.80%	> \$10,000	4.80%	> \$10,000					
	5.20%	> \$20,000	5.20%	> \$20,000					
	5.55%	> \$25,000	5.55%	> \$25,000					
	6.60%	> \$60,000	6.60%	> \$60,000					
Fla.	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
Ga.	1.00%	> \$0	1.00%	> \$0	\$2,300	\$3,000	\$2,700	\$7,400	\$3,000
	2.00%	> \$750	2.00%	> \$1,000					
	3.00%	> \$2,250	3.00%	> \$3,000					
	4.00%	> \$3,750	4.00%	> \$5,000					
	5.00%	> \$5,250	5.00%	> \$7,000					
	6.00%	> \$7,000	6.00%	> \$10,000					
Hawaii (w)	1.40%	> \$0	1.40%	> \$0	\$2,200	\$4,400	\$1,144	\$2,288	\$1,144
	3.20%	> \$2,400	3.20%	> \$4,800					
	5.50%	> \$4,800	5.50%	> \$9,600					
	6.40%	> \$9,600	6.40%	> \$19,200					
	6.80%	> \$14,400	6.80%	> \$28,800					
	7.20%	> \$19,200	7.20%	> \$38,400					
	7.60%	> \$24,000	7.60%	> \$48,000					
	7.90%	> \$36,000	7.90%	> \$72,000					
	8.25%	> \$48,000	8.25%	> \$96,000					
	9.00%	> \$150,000	9.00%	> \$300,000					
	10.00%	> \$175,000	10.00%	> \$350,000					
11.00%	> \$200,000	11.00%	> \$400,000						
Idaho (e, p)	1.60%	> \$0	1.60%	> \$0	\$6,300	\$12,600	\$4,000	\$8,000	\$4,000
	3.60%	> \$1,428	3.60%	> \$2,857					
	4.10%	> \$2,857	4.10%	> \$5,715					
	5.10%	> \$4,286	5.10%	> \$8,573					
	6.10%	> \$5,715	6.10%	> \$11,431					
	7.10%	> \$7,144	7.10%	> \$14,289					
	7.40%	> \$10,717	7.40%	> \$21,436					
Ill.	3.75% of federal taxable income		3.75% of federal taxable income		n.a.	n.a.	\$2,125	\$4,250	\$2,125

All States Individual Income Tax Rates 2015 (continued)

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
Ind. (x)	3.3% of federal taxable income			3.3% of federal taxable income			n.a.	n.a.	\$1,000	\$2,000	\$1,500
Iowa (a, e, f, r)	0.36%	>	\$0	0.36%	>	\$0	\$1,950	\$4,810	\$40	\$80	\$40
	0.72%	>	\$1,539	0.72%	>	\$1,539					
	2.43%	>	\$3,078	2.43%	>	\$3,078					
	4.50%	>	\$6,156	4.50%	>	\$6,156					
	6.12%	>	\$13,851	6.12%	>	\$13,851					
	6.48%	>	\$23,085	6.48%	>	\$23,085					
	6.80%	>	\$30,780	6.80%	>	\$30,780					
	7.92%	>	\$46,170	7.92%	>	\$46,170					
	8.98%	>	\$69,255	8.98%	>	\$69,255					
Kans.	2.70%	>	\$0	2.70%	>	\$0	\$3,000	\$7,500	\$2,250	\$4,500	\$2,250
	4.60%	>	\$15,000	4.60%	>	\$30,000					
Ky. (r)	2.00%	>	\$0	2.00%	>	\$0	\$2,440	\$2,440	\$20	\$40	\$20
	3.00%	>	\$3,000	3.00%	>	\$3,000					
	4.00%	>	\$4,000	4.00%	>	\$4,000					
	5.00%	>	\$5,000	5.00%	>	\$5,000					
	5.80%	>	\$8,000	5.80%	>	\$8,000					
	6.00%	>	\$75,000	6.00%	>	\$75,000					
La. (f, n)	2.00%	>	\$0	2.00%	>	\$0	n.a.	n.a.	\$4,500	\$9,000	\$1,000
	4.00%	>	\$12,500	4.00%	>	\$25,000					
	6.00%	>	\$50,000	6.00%	>	\$100,000					
Maine (e, p)	6.50%	>	\$5,199	6.50%	>	\$10,449	\$6,300	\$12,600	\$4,000	\$8,000	\$4,000
	7.95%	>	\$20,899	7.95%	>	\$41,849					
Md. (a, y)	2.00%	>	\$0	2.00%	>	\$0	\$2,000	\$4,000	\$3,200	\$6,400	\$3,200
	3.00%	>	\$1,000	3.00%	>	\$1,000					
	4.00%	>	\$2,000	4.00%	>	\$2,000					
	4.75%	>	\$3,000	4.75%	>	\$3,000					
	5.00%	>	\$100,000	5.00%	>	\$150,000					
	5.25%	>	\$125,000	5.25%	>	\$175,000					
	5.50%	>	\$150,000	5.50%	>	\$225,000					
	5.75%	>	\$250,000	5.75%	>	\$300,000					

All States Individual Income Tax Rates 2015 (continued)

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
Mass.	5.15%	>	\$0	5.15%	>	\$0	n.a.	n.a.	\$4,400	\$8,800	\$1,000
Mich.	4.25% of federal AGI with modification			4.25% of federal AGI with modification			n.a.	n.a.	\$4,000	\$4,000	n.a.
Minn. (e, p)	5.35%	>	\$0	5.35%	>	\$0	\$6,300	\$12,600	\$4,000	\$8,000	\$4,000
	7.05%	>	\$25,070	7.05%	>	\$36,650					
	7.85%	>	\$82,360	7.85%	>	\$145,620					
	9.85%	>	\$154,950	9.85%	>	\$258,260					
Miss.	3.00%	>	\$0	3.00%	>	\$0	\$2,300	\$4,600	\$6,000	\$12,000	\$1,500
	4.00%	>	\$5,000	4.00%	>	\$5,000					
	5.00%	>	\$10,000	5.00%	>	\$10,000					
Mo. (p)	1.50%	>	\$0	1.50%	>	\$0	\$6,300	\$12,600	\$2,100	\$4,200	\$1,200
	2.00%	>	\$1,000	2.00%	>	\$1,000					
	2.50%	>	\$2,000	2.50%	>	\$2,000					
	3.00%	>	\$3,000	3.00%	>	\$3,000					
	3.50%	>	\$4,000	3.50%	>	\$4,000					
	4.00%	>	\$5,000	4.00%	>	\$5,000					
	4.50%	>	\$6,000	4.50%	>	\$6,000					
	5.00%	>	\$7,000	5.00%	>	\$7,000					
	5.50%	>	\$8,000	5.50%	>	\$8,000					
	6.00%	>	\$9,000	6.00%	>	\$9,000					
Mont. (a, e, f, q)	1.00%	>	\$0	1.00%	>	\$0	\$4,370	\$8,740	\$2,330	\$4,660	\$2,330
	2.00%	>	\$2,800	2.00%	>	\$2,800					
	3.00%	>	\$5,000	3.00%	>	\$5,000					
	4.00%	>	\$7,600	4.00%	>	\$7,600					
	5.00%	>	\$10,300	5.00%	>	\$10,300					
	6.00%	>	\$13,300	6.00%	>	\$13,300					
	6.90%	>	\$17,000	6.90%	>	\$17,000					

All States Individual Income Tax Rates 2015 (continued)

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
Nebr. (e, r)	2.46%	>	\$0	2.46%	>	\$0	\$5,800	\$11,600	\$130	\$260	\$130
	3.51%	>	\$3,050	3.51%	>	\$6,090					
	5.01%	>	\$18,280	5.01%	>	\$36,570					
	6.84%	>	\$29,460	6.84%	>	\$58,920					
Nev.		none		none		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
N.H. (c)	5.00%	>	\$0	5.00%	>	\$0	n.a.	n.a.	\$2,400	\$4,800	n.a.
N.J.	1.40%	>	\$0	1.40%	>	\$0	n.a.	n.a.	\$1,000	\$2,000	\$1,500
	1.75%	>	\$20,000	1.75%	>	\$20,000					
	3.50%	>	\$35,000	2.45%	>	\$50,000					
	5.525%	>	\$40,000	3.50%	>	\$70,000					
	6.37%	>	\$75,000	5.525%	>	\$80,000					
	8.97%	>	\$500,000	6.37%	>	\$150,000					
	8.97%	>	\$500,000	8.97%	>	\$500,000					
N.M. (i)	1.70%	>	\$0	1.70%	>	\$0	\$6,300	\$12,600	\$4,000	\$4,000	\$4,000
	3.20%	>	\$5,500	3.20%	>	\$8,000					
	4.70%	>	\$11,000	4.70%	>	\$16,000					
	4.90%	>	\$16,000	4.90%	>	\$24,000					
N.Y. (e)	4.00%	>	\$0	4.00%	>	\$0	\$7,900	\$15,850	n.a.	n.a.	\$1,000
	4.50%	>	\$8,400	4.50%	>	\$16,950					
	5.25%	>	\$11,600	5.25%	>	\$23,300					
	5.90%	>	\$13,750	5.90%	>	\$27,550					
	6.45%	>	\$21,150	6.45%	>	\$42,450					
	6.65%	>	\$79,600	6.65%	>	\$159,350					
	6.85%	>	\$212,500	6.85%	>	\$318,750					
	8.82%	>	\$1,062,650	8.82%	>	\$2,125,450					
N.C.	5.75%	>	\$0	5.75%	>	\$0	\$7,500	\$15,000	n.a.	n.a.	n.a.
N.D. (e, p, z)	1.22%	>	\$0	1.22%	>	\$0	\$6,300	\$12,600	\$4,000	\$8,000	\$4,000
	2.27%	>	\$36,900	2.27%	>	\$61,700					
	2.52%	>	\$89,350	2.52%	>	\$148,850					
	2.93%	>	\$186,350	2.93%	>	\$226,850					
	3.22%	>	\$405,100	3.22%	>	\$405,100					



All States Individual Income Tax Rates 2015 (continued)

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
Ohio (a, e, g)	0.528%	>	\$0	0.528%	>	\$0	n.a.	n.a.	\$2,200	\$4,400	\$2,200
	1.057%	>	\$5,200	1.057%	>	\$5,200					
	2.113%	>	\$10,400	2.113%	>	\$10,400					
	2.642%	>	\$15,650	2.642%	>	\$15,650					
	3.169%	>	\$20,900	3.169%	>	\$20,900					
	3.698%	>	\$41,700	3.698%	>	\$41,700					
	4.226%	>	\$83,350	4.226%	>	\$83,350					
	4.906%	>	\$104,250	4.906%	>	\$104,250					
	5.333%	>	\$208,500	5.333%	>	\$208,500					
Okla. (h)	0.50%	>	\$0	0.50%	>	\$0	\$5,950	\$11,900	\$1,000	\$2,000	\$1,000
	1.00%	>	\$1,000	1.00%	>	\$2,000					
	2.00%	>	\$2,500	2.00%	>	\$5,000					
	3.00%	>	\$3,750	3.00%	>	\$7,500					
	4.00%	>	\$4,900	4.00%	>	\$9,800					
	5.00%	>	\$7,200	5.00%	>	\$12,200					
	5.25%	>	\$8,700	5.25%	>	\$15,000					
Ore. (e, f)	5.00%	>	\$0	5.00%	>	\$0	\$2,145	\$4,295	\$194	\$388	\$194
	7.00%	>	\$3,350	7.00%	>	\$6,700					
	9.00%	>	\$8,400	9.00%	>	\$16,800					
	9.90%	>	\$125,000	9.90%	>	\$250,000					
Pa.	3.07%	>	\$0	3.07%	>	\$0	n.a.	n.a.	n.a.	n.a.	n.a.
R.I. (e, k)	3.75%	>	\$0	3.75%	>	\$0	\$8,275	\$16,550	\$3,850	\$7,700	\$3,850
	4.75%	>	\$60,500	4.75%	>	\$60,500					
	5.99%	>	\$137,650	5.99%	>	\$137,650					
S.C. (e, p)	0.00%	>	\$0	0.00%	>	\$0	\$6,300	\$12,600	\$4,000	\$8,000	\$4,000
	3.00%	>	\$2,880	3.00%	>	\$2,880					
	4.00%	>	\$5,760	4.00%	>	\$5,760					
	5.00%	>	\$8,640	5.00%	>	\$8,640					
	6.00%	>	\$11,520	6.00%	>	\$11,520					
	7.00%	>	\$14,400	7.00%	>	\$14,400					



All States Individual Income Tax Rates 2015

State	Single Filer			Married Filing Jointly			Standard Deduction		Personal Exemption		
	Rates		Brackets	Rates		Brackets	Single	Couple	Single	Couple	Dependent
S.D.			none			none	n.a.	n.a.	n.a.	n.a.	n.a.
Tenn. (c)	6.00%	>	\$0	6.00%	>	\$0	n.a.	n.a.	\$1,250	\$2,500	n.a.
Tex.			none			none	n.a.	n.a.	n.a.	n.a.	n.a.
Utah	5.00%	>	\$0	5.00%	>	\$0	(l)	(l)	\$3,000	\$6,000	\$3,000
Vt.	3.55%	>	\$0	3.55%	>	\$0	\$6,300	\$12,600	\$4,000	\$4,000	\$4,000
(a, e, p)	6.80%	>	\$37,450	6.80%	>	\$62,600					
	7.80%	>	\$90,750	7.80%	>	\$151,200					
	8.80%	>	\$189,300	8.80%	>	\$230,450					
	8.95%	>	\$411,500	8.95%	>	\$411,500					
Va.	2.00%	>	\$0	2.00%	>	\$0	\$3,000	\$6,000	\$930	\$1,860	\$930
	3.00%	>	\$3,000	3.00%	>	\$3,000					
	5.00%	>	\$5,000	5.00%	>	\$5,000					
	5.75%	>	\$17,000	5.75%	>	\$17,000					
Wash.			none			none	n.a.	n.a.	n.a.	n.a.	n.a.
W.Va.	3.00%	>	\$0	3.00%	>	\$0	n.a.	n.a.	\$2,000	\$4,000	\$2,000
	4.00%	>	\$10,000	4.00%	>	\$10,000					
	4.50%	>	\$25,000	4.50%	>	\$25,000					
	6.00%	>	\$40,000	6.00%	>	\$40,000					
	6.50%	>	\$60,000	6.50%	>	\$60,000					
Wis.	4.00%	>	\$0	4.00%	>	\$0	\$10,250	\$18,460	\$700	\$1,400	\$700
(e, m)	5.84%	>	\$11,090	5.84%	>	\$14,790					
	6.27%	>	\$22,190	6.27%	>	\$29,580					
	7.65%	>	\$244,270	7.65%	>	\$325,700					
Wyo.			none			none	n.a.	n.a.	n.a.	n.a.	n.a.
D.C.	4.00%	>	\$0	4.00%	>	\$0	\$5,200	\$6,650	\$2,200	\$2,200	\$2,200
(j)	6.00%	>	\$10,000	6.00%	>	\$10,000					
	7.00%	>	\$40,000	7.00%	>	\$40,000					
	8.50%	>	\$60,000	8.50%	>	\$60,000					
	8.95%	>	\$350,000	8.95%	>	\$350,000					



All States Individual Income Tax Rates 2015 (continued)

(a) 2014 tax information.

(b) For single taxpayers with AGI below \$20,000, the standard deduction is \$2,500. This standard deduction amount is reduced by \$25 for every additional \$500 of AGI, not to fall below \$2,000. For Married Filing Joint taxpayers with AGI below \$20,000, the standard deduction is \$7,500. This standard deduction amount is reduced by \$175 for every additional \$500, not to fall below \$4,000. For all taxpayers claiming a dependent with AGI below \$20,000, the dependent exemption is \$1,000. This amount is reduced to \$500 per dependent for taxpayers with AGI above \$20,000 and below \$100,000. For taxpayers with over \$100,000 AGI, the dependent exemption is \$300 per dependent.

(c) Applies to interest and dividend income only.

(d) Rates apply to regular tax table. A special tax table is available for low income taxpayers that reduces their tax payments.

(e) Bracket levels adjusted for inflation each year. Release dates for tax bracket inflation adjustments vary by state and may fall after the end of the applicable tax year.

(f) These states allow some or all of federal income tax paid to be deducted from state taxable income.

(g) Ohio's personal and dependent exemptions are \$2,200 for an AGI of \$40,000 or less, \$1,950 if AGI is between \$40,001 and \$79,999, and \$1,700 if AGI is \$80,000 or above.

(h) The top rate is scheduled to be reduced to 5.0% in tax year 2016 and 4.85% in subsequent tax years, contingent upon certain revenue growth.

(i) Tied to federal tax system, plus an additional \$2,500 if federal AGI is equal to or less than \$36,667 (single) or \$55,000 (married filing jointly).

(j) Deduction and exemption amounts for 2015 subject to funding. Rate reductions for income between \$40,001 and \$100,000 scheduled for 2016 and subsequent tax years, subject to funding.

(k) The phase-out range for the personal exemption and deduction is \$192,700 - \$214,700. The exemptions and deductions are completely phased out at a modified federal AGI of \$214,700.

(l) The standard deduction is taken in the form of a nonrefundable credit of 6% of the federal standard or itemized deduction amount, excluding the deduction for state or local income tax. This credit phases out (in 2014) at 1.3 cents per dollar above \$13,590 of AGI (\$27,180 for married couples).

(m) The standard deduction phases out by 12% at \$14,779 for single filers and 19.778% at \$20,739 for married filing jointly. The standard deduction phases out to zero at \$101,197 for single filers, \$114,076 for joint filers.

(n) Standard deductions and personal exemptions are combined: \$4,500 for single and married filing separately; \$9,000 married filing jointly and head of household.

(o) The standard deduction is 15 percent of income with a minimum of \$1,500 and a cap of \$2,000 for single filers, married filing separately filers, and dependent filers earning more than \$13,333. The standard deduction is a minimum of \$3,000 and capped at \$4,000 for married filing jointly filers, head of households filers, and qualifying widowers earning more than \$26,667.

(p) Deduction or exemption tied to federal tax system. Federal deductions and exemptions are indexed for inflation.

(q) Montana filers' standard deduction is 20% of AGI. For single taxpayers, the deduction must be between \$1,940 and \$4,370. For married taxpayers, the deduction must be between \$3,880 and \$8,740.

(r) Tax Credit.

(s) Exemption credits phase out for single taxpayers by \$6 for each \$2,500 of AGI above \$169,730 and for joint filers by \$12 for each \$2,500 of AGI above \$339,464. The credit cannot be reduced to below zero.

(t) Connecticut has a complex set of phase-out provisions. For each single taxpayer whose Connecticut AGI exceeds \$56,500, the amount of the taxpayer's Connecticut taxable income to which the 3% tax rate applies shall be reduced by \$1,000 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds said amount. Any such amount will have a tax rate of 5% instead of 3%. Additionally, each single taxpayer whose Connecticut AGI exceeds \$200,000 shall pay an amount equal to \$75 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds \$200,000, up to a maximum payment of \$2,250. For joint filers whose Connecticut AGI exceeds \$100,500, the amount of the taxpayer's Connecticut taxable income to which the 3% tax rate applies shall be reduced by \$2,000 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the 3% tax rate does not apply shall be an amount to which the 5% tax rate shall apply. For joint filers whose Connecticut AGI exceeds \$400,000 dollars shall pay, in addition to the amount above, an amount equal to \$150 for each \$10,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds \$400,000, up to a maximum payment of \$4,500. Conn. Gen. Stat. § 12-700 (2015).

(u) Connecticut taxpayers are also given a personal tax credit based upon certain income constraints, which begins at \$15,000 and completely phases out by \$1,000 for every \$1,000 of AGI over \$30,000.

(v) In addition to the personal income tax rates, Delaware imposes a tax on lump-sum distributions.

(w) Additionally, Hawaii allows any taxpayer, other than a corporation, acting as a business entity in more than one state and required to file a return to elect to report and pay a tax of 0.5 percent of its annual gross sales if (1) the taxpayer's only activities in the state consist of sales, (2) the taxpayer does not own or rent real estate or tangible personal property, and (3) the taxpayer's annual gross sales in the state are not in excess of \$100,000. Haw. Rev. Stat. § 235-51 (2015).

(x) \$1,000 is a base exemption. If dependents meet certain conditions, filers can take an additional \$1,500 exemption for each.

(y) The exemption amount has the following phase out schedule: if AGI is above \$100,000 but below \$125,000, exemption is \$1,600; if AGI is above \$125,000 but below \$150,000, exemption is \$800; if AGI is above \$150,000, no exemption.

(z) Federal taxable income is the starting point for North Dakota, so the federal standard deduction and exemptions are built-in.



Northern Trust



Multistate Trusts and Estates Income Tax Rates Smart Charts

Alabama

The tax rate imposed on trusts and estates is the same tax rate as individuals who are single persons. (§§40-18-25(a)–(c), 40-18-5(1); AL DC 810-3-25-.04(1)) However, a resident estate or trust that has gross income taxable in Alabama and another state will be allowed a credit for net income taxes paid to the other state on such income as provided in §40-18-21. (AL ADC 810-3-25-.04(2)) If the amount paid another state is actually greater than what would have been due with Alabama's income tax rate, then only the excess is entitled to a credit. (§40-18-25(c)(2))

Answer	Authority	Forms
a. Two percent of taxable income not in excess of five hundred dollars (\$500).	(§40-18-5(1))	Form 41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms
b. Four percent of taxable income in excess of five hundred dollars (\$500) and not in excess of three thousand dollars (\$3,000).		IntelliForms
c. Five percent of taxable income in excess of three thousand dollars (\$3,000).		

Alaska

Answer	Authority	Forms
No income tax on trusts and estates.		

All States Estates and Trusts Income Tax (continued)

Arizona

The tax rate imposed on trusts and estates is the same tax rate as “individuals,” except for trusts that are taxable as partnerships or corporations under the Internal Revenue Code. However, individual is not defined. Arizona Administration Code R15-5-2215(3)(d) defines an individual taxpayer filing as a “single” person as including trusts and estates. (§43-1311) The income dollar amounts for each bracket will be adjusted for tax years beginning in 2015. (§43-1011(B))

Answer	Authority	Forms
<p><i>If taxable income is:</i></p> <p>\$0–\$10,000 The tax is: 2.59% of taxable income</p> <p>\$10,001–\$25,000: \$259, plus 3.20% of the excess over \$10,000</p> <p>\$25,001–\$50,000: \$691, plus 3.36% of the excess over \$25,000</p> <p>\$50,001–\$150,000: \$1,531, plus 4.24% of the excess over \$50,000</p> <p>\$150,001 and over: \$5,771, plus 4.54% of the excess over \$150,000</p>	<p>(§43-1011(A)(5)(a))</p>	<p>Form 141AZ Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

All States Estates and Trusts Income Tax (continued)

Arkansas

No tax due from a trust or estate of a nonresident donor, settlor or trustee, even if a resident trustee or personal representative is serving, except if the income is derived from (a) land in Arkansas, as well as gains from sale; (b) interests in land and gains from the sale thereof; (c) tangible personal property, including gains from the sale thereof; and (d) unincorporated businesses domiciled in Arkansas. (§26-51-201(b)) Similar limitations apply with respect to income received by a nonresident beneficiary. (§26-51-201(c))

Answer	Authority	Forms
<p><i>If taxable income is:</i></p> <p>At least: \$0 but no more than: \$4,099 Tax rate: 0.9%;</p> <p>At least: \$4,100 but no more than: \$8,199: 2.4% (starting 1/1/2015)</p> <p>At least: \$8,200 but no more than: \$12,199: 3.4% (starting 1/1/2015)</p> <p>At least: \$12,200 but no more than: \$20,399: 4.4% (starting 1/1/2015)</p> <p>At least: \$20,400 but no more than: \$33,999: 5.9% (starting 1/1/2015)</p> <p>At least: \$34,000 And over: 6.9% (starting 1/1/2015)</p> <p>These are 2014 rates. For 2014, the 1% rate is reduced to 0.9% for amounts no greater than \$4,099. Each year including 2014, a new table is prescribed no later than December of the proceeding year, that takes account of a cost-of-living adjustment and reflects this in adjusted rates for the subsequent year.</p>	<p>(§26-51-201(a)(1)–(6)), (§26-51-201(d)(1)–(3))</p>	<p>Form AR1002 Fiduciary Return, Instructions, Form 1002NR Nonresident Fiduciary Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

California

The tax is imposed on federal taxable income, as modified and at rates for an individual. (Rev. & Tax §§17041(a)(1) & (e), 17731) There is also a 7% alternative minimum taxable income determined under the IRC. (Rev. & Tax §17062(3)(a)(iv)). Finally, and not to be overlooked, there is a 1% "millionaire's tax" on taxable income in excess of \$1,000,000. (Rev. & Tax §17043) The rates shown are adjusted annually. (Rev & Tax §17041(h))

Answer	Authority	Forms
<p><i>If taxable income is over:</i></p> <p>0 but not over \$7,582 The tax is: \$0 +1% of excess over \$0</p> <p>\$7,582, but not over \$17,976: \$75.82 + 2% of excess over \$7,582</p> <p>\$17,976, but not over \$28,371: \$283.70 + 4% of excess over \$17,976</p> <p>\$28,731, but not over \$39,384: \$699.50 + 6% of excess over \$28,731</p> <p>\$39,384, but not over \$49,774: \$1,360.28 + 8% of excess over \$39,384</p> <p>\$49,774, but not over \$254,250: \$2,191.48 + 9.30% of excess over \$49,774</p> <p>\$254,250, but not over \$305,100: \$21,207.75 + 10.30% of excess over \$254,250</p> <p>\$305,100, but not over \$508,500: \$26,445.30 + 11.30% of excess over \$305,100</p> <p>\$508,500: \$49,429.50 +12.30% of excess over \$305,100</p> <p>Rates shown are for 2013. (See Form 541 Booklet 2013; see also Proposition 30, increasing rates over \$250,000)</p>		<p>Form 541 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Colorado

Answer	Authority	Forms
4.63% of federal taxable income, with certain modifications.	(§39-22-104(1.7))	<p>Form 105 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Connecticut

Answer	Authority	Forms
<p>For resident trusts or estates, the rate of tax is 6.70% of their Connecticut taxable income for taxable years commencing on or after January 1, 2011. For nonresident trusts, the rate is the same but is based on a fraction, the numerator of which is the Connecticut taxable income derived from within the state and the denominator of which is all Connecticut taxable income, which is basically federal taxable income with certain adjustments.</p>	<p>(§12-700(a)(8)(E)); See also §12-700(a)(9), (§12-700(b)), (§12-701(a)(9))</p>	<p>Form CT-1041 Income Tax Return For Trusts and Estates and Instructions can be found on IntelliForms IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Delaware

The trust or estate is taxed like an individual. (30 §§1631, 1632). However, the following trusts are not subject to tax: trusts taxable as corporations, tax-exempt trusts, and real estate investments trusts. (30 §1633). There is also a separate tax on the ordinary income portion of a lump-sum distribution received by every resident estate or trust. (30 §1102(b))

IMPORTANT BENEFIT: 30 §1636(a) permits a deduction to be taken by a resident estate or trust to the extent its federal taxable income is "set aside for future distribution to nonresident beneficiaries."

Answer	Authority	Forms
<p><i>If tax income is:</i></p> <p>Not in excess of \$1,000 The tax is: 1.4%</p> <p>In excess of \$1,000, but not in excess of \$2,000: 2.0%</p> <p>In excess of \$2,000, but not in excess of \$3,000: 3.0%</p> <p>In excess of \$3,000, but not in excess of \$4,000: 4.2%</p> <p>In excess of \$4,000, but not in excess of \$5,000: 5.2%</p> <p>In excess of \$5,000, but not in excess of \$6,000: 6.2%</p> <p>In excess of \$6,000, but not in excess of \$8,000: 7.2%</p> <p>In excess of \$8,000, but not in excess of \$10,000: 8.0%</p> <p>In excess of \$10,000, but not in excess of \$15,000: 8.2%</p> <p>In excess of \$15,000, but not in excess of \$20,000: 8.4%</p> <p>In excess of \$20,000, but not in excess of \$25,000: 8.8%</p> <p>In excess of \$25,000, but not in excess of \$30,000: 9.4%</p> <p>In excess of \$30,000, but not in excess of \$40,000: 11.0%</p> <p>In excess of \$40,000, but not in excess of \$50,000: 12.2%</p> <p>In excess of \$50,000: 13.5%</p>	(30 §1102(a)(1))	Form DE-400 Fiduciary Income Tax Return and Instructions can be found on IntelliForms

District of Columbia

The tax rate imposed on trusts and estates is the same tax rate as for individuals. (§§47-1809.03, 47-1806.03(a)(8)(A))

Answer	Authority	Forms
<p>For taxable years beginning after December 31, 2011, and ending before January 1, 2016</p> <p><i>If taxable income is:</i></p> <p>Not over \$10,000 The tax is: 4% of the taxable income</p> <p>Over \$10,000 but not over \$40,000: \$400, plus 6% of the excess over \$10,000</p> <p>Over \$40,000 but not over \$350,000: \$2,200, plus 8.5% of the excess over \$40,000</p> <p>Over \$350,000: \$28,550, plus 8.95% of the excess over \$350,000</p>	(§47-1806.03(a)(8)(A))	Form DC D-41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms



Northern Trust



All States Estates and Trusts Income Tax (continued)

Florida

Answer	Authority	Forms
No income tax on trusts and estates.	(§220.02)	

Georgia

The tax rate imposed on trusts and estates is the same tax rate as individuals. (§§48-7-22(b), 48-7-20(d))

Answer	Authority	Forms
<p><i>If Georgia taxable income is:</i></p> <p>Not over \$750.00 The tax is: 1%</p> <p>Over \$750.00 but not over \$2,250.00: \$7.50 plus 2% of amount over \$750.00</p> <p>Over \$2,250.00 but not over \$3,750.00: \$37.50 plus 3% of amount over \$2,250.00</p> <p>Over \$3,750.00 but not over \$5,250.00: \$82.50 plus 4% of amount over \$3,750.00</p> <p>Over \$5,250.00 but not over \$7,000.00: \$142.50 plus 5% of amount over \$5,250.00</p> <p>Over \$7,000.00: \$230.00 plus 6% of the amount over \$7,000</p>	(§§48-7-22(b), 48-7-20(b)(1))	Form 501 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms

Hawaii

Regarding net capital gain, the maximum tax cannot be greater than (1) the tax on the greater of taxable income without net capital gain or the tax on taxable income at a rate of 7.25%, plus 7.25% of taxable income in excess of the amount under (1). (§235-51(f))

Answer	Authority	Forms
<p>For taxable years beginning after December 31, 2001:</p> <p><i>If the taxable income is:</i></p> <p>Not over \$2,000 The tax shall be: 1.40% of taxable income</p> <p>Over \$2,000 but not over \$4,000: \$28.00 plus 3.20% of excess over \$2,000</p> <p>Over \$4,000 but not over \$8,000: \$92.00 plus 5.50% of excess over \$4,000</p> <p>Over \$8,000 but not over \$12,000: \$312.00 plus 6.40% of excess over \$8,000</p> <p>Over \$12,000 but not over \$16,000: \$568.00 plus 6.80% of excess over \$12,000</p> <p>Over \$16,000 but not over \$20,000: \$840.00 plus 7.20% of excess over \$16,000</p> <p>Over \$20,000 but not over \$30,000: \$1,128.00 plus 7.60% of excess over \$20,000</p> <p>Over \$30,000 but not over \$40,000: \$1,888.00 plus 7.90% of excess over \$30,000</p> <p>Over \$40,000: \$2,678.00 plus 8.25% of excess over \$40,000</p>	(§235-51(d))	Form N-40 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms



Northern Trust



All States Estates and Trusts Income Tax (continued)

Idaho

Each year the brackets are adjusted for inflation. (§63-3024(a))

Answer	Authority	Forms
<p><i>When Idaho taxable income for taxable year 2014 is:</i></p> <p>Less than \$1,429 The rate is: 1.6%</p> <p>Over \$1,429 but less than \$2,858: \$22.86, plus 3.6% of excess over \$1,429</p> <p>Over \$2,858 but less than \$4,287: \$74.30, plus 4.1% of excess over \$2,858</p> <p>Over \$4,287 but less than \$5,716: \$132.89, plus 5.1% of excess over \$4,287</p> <p>Over \$5,716 but less than \$7,145: \$205.77, plus 6.1% of excess over \$5,716</p> <p>Over \$7,145 but less than \$10,718: \$292.94, plus 7.1% of excess over \$7,145</p> <p>Over \$10,718: \$546.59, plus 7.4% of excess over \$10,718</p>	(§63-3024(a))	<p>Form 66 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Illinois

Answer	Authority	Forms
<p>In the case of an individual, trust, or estate, for taxable years beginning after January 1, 2011 and ending prior to January 1, 2015, an amount equal to 5% of the taxpayer's net income for the taxable year. The rate will go down to 3.75% in 2015. For taxable years beginning in 2014 and ending in 2015, there is a 5% rate on taxpayer's net income for the 2014 period and 3.75% for the 2015 period. In addition, trusts, but not estates, are subject to a Personal Property Tax Replacement Income Tax of 1.5% imposed on net income of a resident trusts for the taxable year reduced by any investment credits.</p>	(35 ILCS 5/201(b)(5)), (35 ILCS 5/201(b)(5.2)), (35 ILCS 5/201(c)-(d), (e) (investment tax credit))	<p>Form IL-41 Fiduciary Income and Replacement Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Indiana

Answer	Authority	Forms
The tax rate imposed on trusts and estates is the same tax rate as residents. The tax rate is 3.4% of adjusted gross income of every resident, and on the adjusted gross income derived from sources within Indiana of every nonresident. The rate changes to 3.3% for years beginning after December 31, 2014 and before January 1, 2017.	(§6-3-1-12), (§6-3-2-1(a)(1)), (§6-3-2-1(a)(2))	Form IT-41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms .

Iowa

The tax rate imposed on individuals applies as well to trusts and estates. (§422.6) The rate is adjusted annually for inflation. (§422.5(6))

Answer	Authority	Forms
<p><i>Taxable Income:</i></p> <p>Over \$0 but not over \$1,515 The tax is: \$0 plus 0.36% of excess over \$0</p> <p>Over \$1,515 but not over \$3,030: \$5.45 plus 0.72% of excess over \$1,515</p> <p>Over \$3,030 but not over \$6,060: \$16.36 plus 2.43% of excess over \$3,030</p> <p>Over \$6,060 but not over \$13,635: \$89.99 plus 4.50% of excess over \$6,060</p> <p>Over \$13,635 but not over \$22,725: \$430.87 plus 6.12% of excess over \$13,635</p> <p>Over \$22,725 but not over \$30,300: \$987.18 plus 6.48% of excess over \$22,725</p> <p>Over \$30,300 but not over \$45,450: \$1,478.04 plus 6.80% of excess over \$30,300</p> <p>Over \$45,450 but not over \$68,175: \$2,508.24 plus 7.92% of excess over \$45,450</p> <p>Over \$68,175: \$4,308.06 plus 8.98% of excess over \$68,175</p> <p>There is imposed upon every resident and nonresident of Iowa, including estates and trusts, the greater of the tax determined above or the state alternative minimum tax equal to seventy-five percent of the maximum state individual income tax rate for the tax year, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer, which also sets forth the computation of the alternative minimum tax.</p>	(§422.5(2)(a)), (§422.5(1)(a)-(i), see Form 1A 1041 for any year to see the new rates for that year)	Form 1041 Fiduciary Return and Instructions can be found on IntelliForms IntelliForms .





All States Estates and Trusts Income Tax (continued)

Kansas

The tax rate imposed on the Kansas taxable income of trusts and estates is the same as rates imposed on unmarried resident individuals. (§§79-32,110(d), 79-32,110(a)(2)(C)-(D))

Answer	Authority	Forms
<p>For tax year 2014: <i>If the taxable income is:</i></p> <p>Not over \$15,000 The tax is: 2.7% of Kansas taxable income</p> <p>Over \$15,000: \$405 plus 4.8% of excess over \$15,000</p> <p>For tax year 2015: <i>If the taxable income is:</i></p> <p>Not over \$15,000 The tax is: 2.7% of Kansas taxable income</p> <p>Over \$15,000: \$405 plus 4.65% of excess over \$15,000</p> <p>For tax years ending December 31, 2013, or thereafter, a trust is not taxed on Schedules C, E, and F income; nor is a beneficiary taxed on it. Interest and dividend income, as well as capital gains, are still subject to tax.</p>	<p>(§79-32,117(i)(xx))</p>	<p>Form K-41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Kentucky

The tax rate imposed on trusts and estates is the same tax rate as imposed on individuals. (§§141.030(1), 141.020)

Answer	Authority	Forms
<p>For taxable years beginning after December 31, 2004:</p> <p>(1) Two percent (2%) of the amount of net income not exceeding three thousand dollars (\$3,000);</p> <p>(2) Three percent (3%) of the amount of net income in excess of three thousand dollars (\$3,000) but not in excess of four thousand dollars (\$4,000);</p> <p>(3) Four percent (4%) of the amount of net income in excess of four thousand dollars (\$4,000) but not in excess of five thousand dollars (\$5,000);</p> <p>(4) Five percent (5%) of the amount of net income in excess of five thousand dollars (\$5,000) but not in excess of eight thousand dollars (\$8,000);</p> <p>(5) Five and eight-tenths percent (5.8%) of the amount of net income in excess of eight thousand dollars (\$8,000) but not in excess of seventy-five thousand dollars (\$75,000);</p> <p>(6) Six percent (6%) of the amount of net income in excess of seventy-five thousand dollars (\$75,000).</p>	<p>(§141.020(2)(b))</p>	<p>Form 741 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Louisiana

An income tax is imposed for each taxable year upon the Louisiana taxable income of every estate or trust, whether resident or nonresident.

(Rev. Stat. §47:300.1)

The taxes imposed apply to the income of estates or of any kind of property held in trust including:

(1) Income accumulated in trust for the benefit of unborn or unascertained persons or persons with contingent interests and income accumulated or held for future distribution under the terms of the will or trust.

(2) Income that is to be distributed currently by the fiduciary to the beneficiaries and income collected by a guardian of an infant that is to be held or distributed as they court may direct.

(3) Income received by the estates of deceased persons during the period of administration or settlement of the estate.

(4) Income that, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated. (Rev. Stat. §47:300.2)

Answer	Authority	Forms
<p>The tax to be assessed, levied, collected, and paid upon the Louisiana taxable income of an estate or trust is computed at the following rates:</p> <p>(1) Two percent on the first ten thousand dollars of Louisiana taxable income.</p> <p>(2) Four percent on the next forty thousand dollars of Louisiana taxable income.</p> <p>(3) Six percent on Louisiana taxable income in excess of fifty thousand dollars.</p>	<p>(Rev. Stat. §47:300.1)</p>	<p>Form IT-541 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Maine

The rates are imposed as for resident individuals. (36 §§5160, 5111)

Answer	Authority	Forms
<p>For tax years beginning on or after January 1, 2014:</p> <p><i>Maine Taxable Income:</i></p> <p>At least \$5,200 but less than \$20,900 The tax is: 6.5% of excess over \$5,200</p> <p>\$20,900 or more: \$1,021 plus 7.95% of excess over \$20,900</p>	(36 §5111(1-D))	<p>Form 1041 ME Income Tax Return For Resident and Nonresident Estates and Trusts and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Maryland

The tax rate imposed on trusts and estates is the same tax rate as individuals (Tax-Gen. §§10-101(g), 10-105(a)) in that the term “individual” is defined to include a fiduciary.

Answer	Authority	Forms
<p>(i) 2% of Maryland taxable income of \$1 through \$1,000;</p> <p>(ii) 3% of Maryland taxable income of \$1,001 through \$2,000;</p> <p>(iii) 4% of Maryland taxable income of \$2,001 through \$3,000;</p> <p>(iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;</p> <p>(v) 5% of Maryland taxable income of \$100,001 through \$125,000;</p> <p>(vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;</p> <p>(vii) 5.5% of Maryland taxable income in excess of \$150,001 through \$250,000;</p> <p>(viii) 5.75% of Maryland taxable income in excess of \$250,000.</p>	(§10-105(a)(1))	<p>Form 504 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Massachusetts

Trusts and estates are taxed at the same rates as individuals. (62 §10(a)&(c)) Massachusetts gross income is divided into three parts. Part A gross income consists of certain interest that is not exempted, such as non-Massachusetts bank account interest (62 §2(b)(1)(A)) dividends, and short-term capital gains. (62 §2(b)(1)(C)) Part B gross income is the rest of Massachusetts gross income that is not Part A or Part C. (62 §2(b)(2)) Part C gross income is capital gain income of capital assets held for more than one year. (62 §2(b)(3)) The tax rates can be adjusted based on an annual report of the Commission. (62 §4(b)) There is also an additional tax measured by an interest charge on deferred tax on installment sales with a sales price over \$150,000 and aggregate outstanding face amount of such obligations at the end of the year exceeding \$5,000,000. (62C §32A(a))

Answer	Authority	Forms
<p><i>Part</i></p> <p>A, short-term capital gains and long-term gains from collectibles (after 50% deduction) Rate: 12.0% (62 §4(a)(1));</p> <p>A, interest and dividends: 5.2% (62 §4(a)(2));</p> <p>B: 5.25%* (62 §4(b));</p> <p>C: 5.2% (62 §4(c))</p> <p>*If \$24,000 or less, lower rates of tax tables apply.</p> <p>(Tax rates as of Jan. 1, 2014)</p>	<p>(62 §4), (See also www.mass.gov/dor/all-taxes/tax-rate-table.html)</p>	<p>Form 2 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Michigan

The tax rate imposed on trusts and estates is the tax rate "levied and imposed upon the taxable income of every person other than a corporation." (§§206.51(8)(a)(ii)-(iii), 206.51(1))

Answer	Authority	Forms
<p>For tax years that begin on or after October 1, 2012 the rate is 4.25%.</p>		<p>Form MI-1041 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Minnesota

Estates and trusts must compute their income tax by applying the rates imposed upon married individuals filing joint returns and surviving spouses to their taxable income, except that the income brackets will be one half of the amounts listed on the accompanying chart (§290.06 Subd. 2c(a)) There is also an adjustment for inflation. (§290.06 Subd. 2d)

Answer	Authority	Forms
<p>Income tax rate for 2015</p> <p>http://www.revenue.state.mn.us/individuals/individ_income/Pages/Minnesota_Income_Tax_Rates_and_Brackets.aspx</p> <p>(1) On the first \$36,650, 5.35 percent;</p> <p>(2) On all over \$36,650, but not over \$145,620, 7.05 percent;</p> <p>(3) On all over \$145,620, but not over \$258,260, 7.85 percent;</p> <p>(4) On all over \$258,260, 9.85 percent.</p>	<p>(§290.06 Subd. 2c(a) & 2d)</p>	<p>Form M2 Income Tax Return for Estates and Trusts and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Mississippi

Answer	Authority	Forms
<p><i>Taxable Income Over:</i></p> <p>0 but not over \$5,000 Rate: 3%</p> <p>\$5,000 but not over \$10,000: \$150 plus 4% of excess over \$5,000</p> <p>\$10,000: \$350 plus 5% of excess over \$10,000</p>	<p>(§27-7-5(1))</p>	<p>Form 81-110 Fiduciary Income Tax Return for Estates and Trusts and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Missouri

The tax rate imposed on trusts and estates is the same as is imposed on resident individuals, with some modifications. Rate tables are actually provided for “resident individuals.” (§§143.311, 143.061, 143.011)

Answer	Authority	Forms
<p><i>If the Missouri taxable income is:</i></p> <p>Not over \$1,000.00: The tax is: 1.5% of the Missouri taxable income</p> <p>Over \$1,000 but not over \$2,000: \$15 plus 2% of excess over \$1,000</p> <p>Over \$2,000 but not over \$3,000: \$35 plus 2.5% of excess over \$2,000</p> <p>Over \$3,000 but not over \$4,000: \$60 plus 3% of excess over \$3,000</p> <p>Over \$4,000 but not over \$5,000: \$90 plus 3.5% of excess over \$4,000</p> <p>Over \$5,000 but not over \$6,000: \$125 plus 4% of excess over \$5,000</p> <p>Over \$6,000 but not over \$7,000: \$165 plus 4.5% of excess over \$6,000</p> <p>Over \$7,000 but not over \$8,000: \$210 plus 5% of excess over \$7,000</p> <p>Over \$8,000 but not over \$9,000: \$260 plus 5.5% of excess over \$8,000</p> <p>Over \$9,000: \$315 plus 6% of excess over \$9,000</p>	<p>(§143.011)</p>	<p>Form MO-1041 Fiduciary Income Tax Return, Instructions, Form MO-NRF Nonresident Fiduciary Form and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Montana

The tax rate imposed on trusts and estates is the same tax rate as is imposed on individuals. (§§15-30-2137, 15-30-2103 (1) & (2)) Credits allowed individuals under Title 15, chapter 30, also apply to estates and trusts when applicable. (§15-30-2137) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) of the inflation factor for that tax year and round the cumulative brackets to the nearest \$100. (§15-30-2103(2)) The rates are adjusted by an inflation factor.

Answer	Authority	Forms
<p><i>If the Taxable Income is More Than:</i></p> <p>\$0 but not more than \$2,800: Rate: 1% minus: \$0</p> <p>\$2,800 but not more than \$5,000: 2% minus: \$28</p> <p>\$5,000 but not more than \$7,600: 3% minus: \$78</p> <p>\$7,600 but not more than \$10,300: 4% minus: \$154</p> <p>\$10,300 but not more than \$13,300: 5% minus: \$257</p> <p>\$13,300 but not more than \$17,100: 6% minus: \$390</p> <p>More than \$17,100: 6.9% minus: \$544</p>	(§15-30-2101)	<p>Form FID-3 Income Tax Return For Estates and Trusts and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Nebraska

In the case of taxable years beginning on or after January 1, 2014, resident trusts are taxed at the rates shown (§77-2715.03(2)) with adjustments for inflation beginning in 2015. (§77-2715.03(3)) See also §77-2717(1)(a)(ii). No estimated tax payments are required to be made.

Answer	Authority	Forms
<p><i>Taxable Income Over</i></p> <p>0 but not over \$499 Rate: 2.46%</p> <p>\$500 but not over \$4,699: 3.51%</p> <p>\$4,700 but not over \$15,150: 5.01%</p> <p>\$15,150: 6.84%</p>	(§77-2715.02(2)(b) & (f))	<p>Form 1041N Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Nevada

Answer	Authority	Forms
No income tax on trusts and estates.		

All States Estates and Trusts Income Tax (continued)

New Hampshire

Answer	Authority	Forms
<p>As of 2013, a trust is no longer taxable or required to file an income tax return. Furthermore, trusts are exempted from interest and dividends tax. Beneficiaries are taxable on distributed interest and dividends reported on a federal K-1. There is no tax accumulated income in an employee benefit plan. There is also a separate business profits tax of 8.5% imposed on taxable business profits.</p>	<p>(§77:3), (§77:10), (§77:11), (§77-A:2), (§§77:1, 77:3(c), 77:4, 77:9)</p>	<p>Form DP-10 Interest and Dividends Tax Return, Instructions, Form DP-1041 Business Profits Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

New Jersey

A tax is imposed for each taxable year on the New Jersey gross income of every estate or trust (other than a charitable trust or a trust forming part of a pension or profit-sharing plan). (§54A:2-1)

Answer	Authority	Forms
<p><i>If the taxable income is:</i></p> <p>Not over \$20,000 The tax is: 1.400% of taxable income</p> <p>Over \$20,000 but not over \$35,000: \$280.00 plus 1.750% of the excess over \$20,000</p> <p>Over \$35,000 but not over \$40,000: \$542.50 plus 3.500% of the excess over \$35,000</p> <p>Over \$40,000 but not over \$75,000: \$717.50 plus 5.525% of the excess over \$40,000</p> <p>Over \$75,000 but not over \$500,000: \$2,651.25 plus 6.370% of excess over \$75,000</p> <p>Over \$500,000: \$29,723.75 plus 8.970% of the excess over \$500,000</p>	<p>(§54A:2-1(b)(5))</p>	<p>Form 1041 Income Tax Fiduciary Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

All States Estates and Trusts Income Tax (continued)

New Mexico

The tax rate imposed on estates and trusts is the same tax rate imposed on single individuals. (§7-2-2(I)) No adjustment for inflation.

Answer	Authority	Forms
<p>For any taxable year beginning on or after January 1, 2008: <i>If the taxable income is:</i></p> <p>Not over \$5,500 The tax shall be: 1.7% of taxable income Over \$5,500 but not over \$11,000: \$93.50 plus 3.2% of excess over \$5,500 Over \$11,000 but not over \$16,000: \$269.50 plus 4.7% of excess over \$11,000 Over \$16,000: \$504.50 plus 4.9% of excess over \$16,000</p>	(§7-2-7)	<p>Form FID-1 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms</p>

New York

Answer	Authority	Forms
<p>For taxable years beginning in 2014, as adjusted for the cost-of-living <i>If the New York taxable income is:</i></p> <p>Not over \$8,300 The tax is: 4% of the New York taxable income Over \$8,300 but not over \$11,450: \$332 plus 4.5% of excess over \$8,300 Over \$11,450 but not over \$13,550: \$474 plus 5.25% of excess over \$11,450 Over \$13,550 but not over \$20,850: \$584 plus 5.9% of excess over \$13,550 Over \$20,850 but not over \$78,400: \$1,015 plus 6.45% of excess over \$20,850 Over \$78,400 but not over \$209,250: \$4,727 plus 6.65% of excess over \$78,400 Over \$209,250 but not over \$1,046,350: \$13,428 plus 6.85% of excess over \$209,250 Over \$1,046,350: \$70,770 plus 8.82% of excess over \$1,046,350</p>	(Tax Law §601-1(a))	<p>Form IT-205 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

New York City/Yonkers

New York City

There is a special tax on the ordinary income portion of lump sum distributions pursuant to an election made by the taxpayer under IRC §402(e). (Tax Law §1301-B; Admin. Code §11-1724(a)).

Answer	Authority	Forms
<p>New York City Rates:</p> <p>For taxable years beginning after 2009: <i>If city taxable income is:</i></p> <p>Not over \$12,000 The tax is: 2.907% of the city taxable income</p> <p>Over \$12,000 but not over \$25,000: \$349 plus 3.534% of excess over \$12,000</p> <p>Over \$25,000 but not over \$50,000: \$808 plus 3.591% of excess over \$25,000</p> <p>Over \$50,000 but not over \$500,000: \$1,706 plus 3.648% of excess over \$50,000</p> <p>Over \$500,000: \$18,122 plus 3.876% of excess over \$500,000</p> <p>Yonkers Rate:</p> <p>Yonkers imposes a tax which is 15% of the net New York state tax. The tax is imposed on an estate of a decedent who died domiciled in Yonkers, a testamentary trust of such decedent, or on an inter vivos irrevocable trust otherwise subject to New York state tax where a resident of Yonkers made a transfer to an irrevocable trust at the time of the creation of the trust or was resident when it becomes irrevocable, or was a resident when transferring to a revocable trust and the trust is still resident.</p>	<p>New York City (Tax Law §§1304(a)(3) & 1304B(a)(1)(ii))</p> <p>Yonkers (Tax §1321; 20 NYCCR 250.1; art IX of the Code and Ordinances of the City of Yonkers 15-111, as amended Mar. 9, 2013)</p>	<p>Form IT-205 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

North Carolina

Answer	Authority	Forms
<p><i>Taxable income</i></p> <p>Over \$0 up to \$12,750 Rate: 6%</p> <p>Over \$12,750 up to \$60,000: \$765 plus 7% of excess over \$12,750</p> <p>Over \$60,000 up to \$4,072.50: plus 7.75% pf excess over \$60,000</p>	<p>(§§105-160.2, 105-134.2(a)(3))</p>	<p>Form D-407 Estates and Trusts Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

North Dakota

The tax rate imposed on trusts and estates is the same tax rate as imposed on individuals. (§57-38-07) The rates are revised for cost-of-living adjustment each taxable year in accordance with IRC §1(f). (§57-38-30.3(1)(g))

Answer	Authority	Forms
<p>2014 Rates</p> <p><i>Taxable Income</i></p> <p>Over \$0 up to \$2,450 Rate: 1.22%</p> <p>Over \$2,450 up to \$5,700: \$29.89 plus 2.27% of the excess over \$2,450</p> <p>Over \$5,700 up to \$8,750: \$103.67 plus 2.5% of the excess over \$5,700</p> <p>Over \$8,750 up to \$11,950: \$180.53 plus 2.93% of the excess over \$8,750</p> <p>Over \$11,950: \$274.29 plus 3.22% of excess over \$11,950</p>	<p>(§52-38-30.3(e))</p>	<p>Form 38 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Ohio

The tax rate imposed on the modified taxable income of trusts and the taxable income of estates is the same as is imposed on the adjusted gross income of individuals, less exemptions. (\$5747.02) After 2015, the rates will be adjusted annually. (\$5747.02 (flush paragraph after (A)(a))

Answer	Authority	Forms
<p><i>For taxable year 2014: Taxable Income (Estates) or Modified Ohio Taxable Income (Trusts) \$5,000 or less Tax: .534% More than \$5,000 but not more than \$10,000: \$26.71 plus 1.068% of the amount in excess of \$5,000 More than \$10,000 but not more than \$15,000: \$80.13 plus 2.137% of the amount in excess of \$10,000 More than \$15,000 but not more than \$20,000: \$186.96 plus 2.671% of the amount in excess of \$15,000 More than \$20,000 but not more than \$40,000: \$320.50 plus 3.204% of the amount in excess of \$20,000 More than \$40,000 but not more than \$80,000: \$961.32 plus 3.739% of the amount in excess of \$40,000 More than \$80,000 but not more than \$100,000: \$2,457.00 plus 4.272% of the amount in excess of \$80,000 More than \$100,000 but not more than \$200,000: \$3,311.49 plus 4.960% of the amount in excess of \$100,000 More than \$200,000: \$8,271.90 plus 5.392% of the amount in excess of \$200,000</i></p> <p><i>For taxable year 2015: Taxable Income (Estates) or Modified Ohio Taxable Income (Trusts) \$5,000 or less Tax: .534% More than \$5,000 but not more than \$10,000: \$26.41 plus 1.057% of the amount in excess of \$5,000 More than \$10,000 but not more than \$15,000: \$79.24 plus 2.113% of the amount in excess of \$10,000 More than \$15,000 but not more than \$20,000: \$184.90 plus 2.642% of the amount in excess of \$15,000 More than \$20,000 but not more than \$40,000: \$316.98 plus 3.169% of the amount in excess of \$20,000 More than \$40,000 but not more than \$80,000: \$950.76 plus 3.698% of the amount in excess of \$40,000 More than \$80,000 but not more than \$100,000: \$2,430.00 plus 4.226% of the amount in excess of \$80,000 More than \$100,000 but not more than \$200,000: \$3,275.10 plus 4.906% of the amount in excess of \$100,000 More than \$200,000: \$8,181.00 plus 5.333% of the amount in excess of \$200,000</i></p>	<p>(\$5747.02(A)(8)); (\$5747.02(A)(9))</p>	<p>Form IT-1041 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms</p>





All States Estates and Trusts Income Tax (continued)

Oklahoma

The tax rate imposed on trusts and estates is the same tax rate as single individuals. (68 §2355(G))

There is a special rate for nonresident aliens of 8% instead of the 30% of the Internal Revenue Code. (68 §2355(D))

Answer	Authority	Forms
<p><i>For 2014:</i></p> <p>(a) 1/2% tax on first \$1,000.00 or part thereof, (b) 1% tax on next \$1,500.00 or part thereof, (c) 2% tax on next \$1,250.00 or part thereof, (d) 3% tax on next \$1,150.00 or part thereof, (e) 4% tax on next \$2,300.00 or part thereof, (f) 5% tax on next \$1,500.00 or part thereof,</p> <p>(g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and</p> <p>(h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized is contingent upon the determination required to be made by the State Board of Equalization pursuant to 68 §2355(B.1)(h).</p> <p><i>For taxable year 2015:</i></p> <p>(a) 0.5% tax on first \$1,000.00 or part thereof. (b) 1% tax on next \$1,500.00 or part thereof. (c) 2% tax on next \$1,250.00 or part thereof. (d) 3% tax on next \$1,150.00 or part thereof. (e) 4% tax on next \$2,300.00 or part thereof.</p> <p>(f) 5% tax on the remainder, unless (g) is in effect.</p> <p>(g) 4.85% tax on the remainder for 2016 and subsequent years.</p> <p>The decrease in the top marginal individual income tax rate otherwise authorized is contingent upon the determination required to be made by the State Board of Equalization pursuant to 68 §2355(C.1.(g)).</p>	<p>(68 §2355(B.1)), (68 §2355(C.1.))</p>	<p>Form 513 Resident Fiduciary Return of Income, Instructions, Form 513NR Nonresident Fiduciary Return of Income and Instructions can be found on IntelliForms IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Oregon

The tax rate imposed on trusts and estates is the same tax rate as individuals. (§316.267, 316.272) The dollar amounts for each rate bracket are increased for a cost-of-living adjustment for each tax year by the Department of Revenue. (§316.037(1)(b)(A)) No estimated tax needs to be filed.

Answer	Authority	Forms
<p><i>Taxable Income</i></p> <p>Not over \$3,150 Rates for 2012: 5% of taxable income</p> <p>Over \$3,150 but not over \$7,950: \$158 plus 7% of the excess over \$3,150</p> <p>Over \$7,950 but not over \$125,000: \$494 plus 9% of the excess over \$7,950</p> <p>Over \$125,000: \$11,028 plus 9.9% of the excess over \$125,000</p>	(§316.037(1)(a))	<p>Form 41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Pennsylvania

Answer	Authority	Forms
<p>Tax rate is 3.07%, including as to capital gains. The tax is imposed on income or gains not required to be distributed to a beneficiary and, in fact, not paid or credited to a beneficiary. A credit is allowed against the tax of another state.</p>	(72 §§7302(a), 7303), (72 §7305), (72 §7314)	<p>Form PA-41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Rhode Island

Answer	Authority	Forms
<p><i>Taxable Income for 2013</i></p> <p>Not over \$2,350 Rate: 3.75% of taxable income</p> <p>Over \$2,350 but not over \$7,450: 4.75% of the excess over \$2,350</p> <p>Over \$7,450: 5.99% of the excess over \$7,450</p> <p>These rates are adjusted for inflation.</p>	(§44-30-2.6(C)(3)(A)(III)), (§44-30-2.6(C)(3)(E))	<p>Form RI-1041 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

All States Estates and Trusts Income Tax (continued)

South Carolina

Brackets are indexed. (§12-6-510(A))

Answer	Authority	Forms
<p><i>Taxable Income for 2012</i></p> <p>Not over \$2,800 Rate: 0% of taxable income</p> <p>Over \$2,800 but not over \$5,600: 3% less \$84</p> <p>Over \$5,600 but not over \$8,400: 4% less \$140</p> <p>Over \$8,400 but not over \$11,200: 5% less \$224</p> <p>Over \$11,200 but not over \$14,000: 6% less \$336</p> <p>Over \$14,000: 7% less \$476</p>		<p>Form 1041 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

South Dakota

Answer	Authority	Forms
No income tax on trusts or estates.		

Tennessee

Answer	Authority	Forms
Tax rate is 6% on dividends and interest.	(§§67-2-102, 67-2-101(5))	<p>Form INC-250 Individual Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Texas

Answer	Authority	Forms
No income tax on trusts or estates.		

Utah

Answer	Authority	Forms
The tax rate imposed on trusts and estates is the same tax rate as is imposed on individuals filing separately. It is 5% of state taxable income. A resident estate or trust is allowed the credit provided in §59-10-1003, relating to an income tax imposed by another state, or D.C., or a possession of the U.S.	(§§59-10-201(1), 59-10-201.1, 59-10-104(2))	<p>Form TC-41 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Vermont

A special tax rate is imposed on the taxable income of estates and trusts. (32 §5822(a)(5)) Further adjustments are presented. (32 §5822(c)). In particular, the amount of tax is increased by 24% of the federal tax liability for (1) additional taxes on qualified retirement plans, (2) recapture of federal investment tax credit, (3) tax on qualified lump-sum distributions of pension income not included in federal taxable income, and decreased by 24% of the reduction in tax liability due to farm income averaging and, for 2008, increased by 76% of the Vermont-property portion of the business solar energy investment tax credit component of the federal tax credit recapture for the taxable year. (32 §5822(c)) There are also credits prior to 2012 of 24% of the elderly and totally disabled credit, investment tax credit attributable to Vermont-property and child care and dependent care credits (32 §5822(d)) and 76% of the Vermont-property portion of the business solar energy investment tax credit component of the federal investment tax credit allowed under §48 of the IRC (Id.) Apparently, after 2011, only the unused business solar energy investment tax credit may be used, but the other credits are available. (Id., on or after January 1, 2012) The tax is reduced by a percentage equal to the portion of adjusted gross income which is not Vermont income (32 §5822(e)) The brackets are adjusted for inflation beginning with 2003. (32 §5822(b)(2))

Answer	Authority	Forms
<p>For 2014: If taxable income is over:</p> <p>\$0 but not over \$2,500 The tax is: 3.55% of the amount over \$0</p> <p>\$2,500 but not over \$5,900: \$89.00 plus 6.80% of the amount over \$2,500</p> <p>\$5,900 but not over \$9,050: \$320.00 plus 7.80% of the amount over \$5,900</p> <p>Over \$9,050 but not over \$12,300: \$566.00 plus 8.80% of the amount over \$9,050</p> <p>Over \$12,300: \$858.00 plus 8.95% of taxable income over \$12,300</p>	(32 §5822(a)(5))	<p>Form FI-161, Fiduciary Return of Income and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>

Virginia

The tax rate imposed on trusts and estates is the same tax rate as individuals. (§§58.1-360, 58.1-320)

Answer	Authority	Forms
<p>Two percent on income not in excess of \$3,000. Three percent on income in excess of \$3,000 but not in excess of \$5,000. Five percent on income in excess of \$5,000 but not in excess of \$17,000. Five and three-quarters percent on income in excess of \$17,000 for taxable years beginning on and after January 1, 1990.</p>	(§58.1-320)	<p>Form 770 Fiduciary Income Tax Return and Instructions can be found on IntelliForms</p> <p>IntelliForms</p>



All States Estates and Trusts Income Tax (continued)

Washington

Answer	Authority	Forms
No income tax on trusts or estates. However, they may be subject to the Business and Occupation Tax at rates applied to gross proceeds of sales or gross income of the business that vary with the business activity. To the extent profits are in the form of return on investments, they are not subject to the tax. See John H. Sellen Const. Co. v. State Dep't Rev., 558 P.2d 1342 (1976).	(§§82.04.220 et seq.)	

West Virginia

Answer	Authority	Forms
<p><i>If the West Virginia taxable income is:</i></p> <p>Not over \$10,000 The tax is: 3% of the taxable income</p> <p>Over \$10,000 but not over \$25,000: \$300.00 plus 4% of excess over \$10,000</p> <p>Over \$25,000 but not over \$40,000: \$900.00 plus 4.5% of excess over \$25,000</p> <p>Over \$40,000 but not over \$60,000: \$1,575.00 plus 6% of excess over \$40,000</p> <p>Over \$60,000: \$2,775.00 plus 6.5% of excess over \$60,000</p>	(§11-21-4e(a))	Form 141 Fiduciary Income Tax Return and Instructions can be found on IntelliForms IntelliForms

Wisconsin

The tax rate imposed on trusts and estates is the same tax rate as individuals. (§71.125(1)) There is an adjustment for inflation. (§71.06(2e))

Answer	Authority	Forms
<p><i>For taxable years beginning in 2014:</i></p> <p><i>Base Taxable Income</i></p> <p>Not over \$10,910 Rates: 4.0% of base taxable income</p> <p>Over \$10,910 but not over \$21,820: \$436.40 plus 5.84% of the excess over \$10,910</p> <p>Over \$21,820 but not over \$240,190: \$1,073.54 plus 6.27% of the excess over \$21,820</p> <p>Over \$240,190: \$14,765.34 plus 7.65% of the excess over \$240,190</p>	(§71.06(1q)) See also www.revenue.wi.gov/faqs/pcs/taxrates.html#tx1a	Form 2 Fiduciary Income Tax For Estates or Trusts and Instructions can be found on IntelliForms IntelliForms





All States Estates and Trusts Income Tax (continued)

Wyoming

Answer	Authority	Forms
No income tax on trusts or estates.		

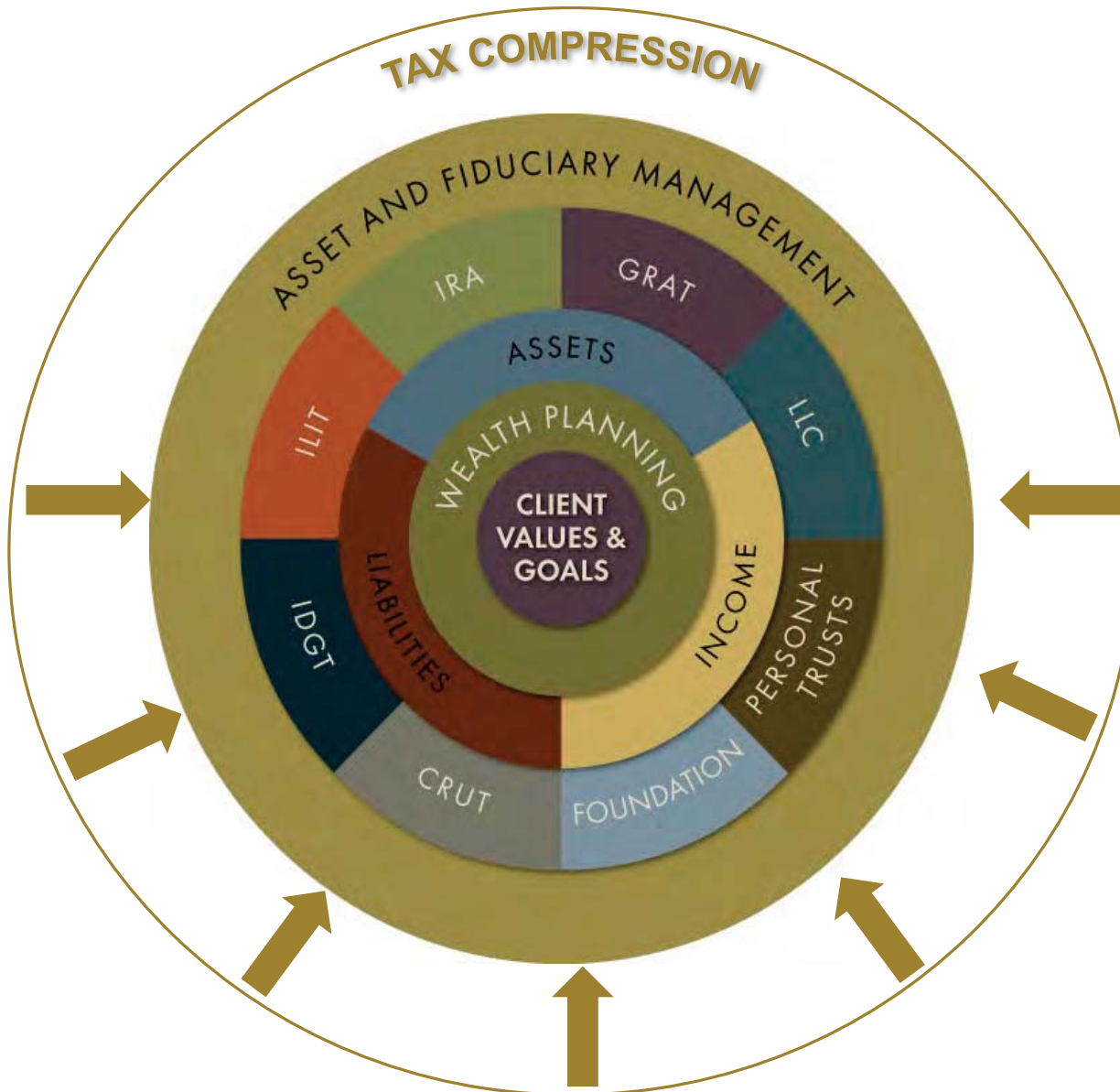




Navigating a Changing Tax Landscape



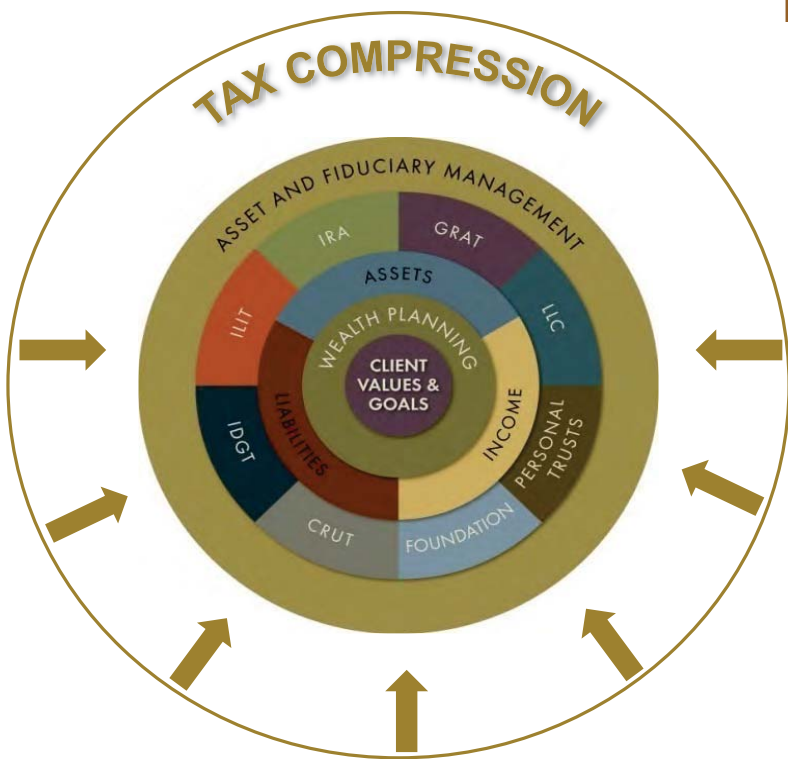
Navigating a Changing Tax Landscape



Rising Taxes: 2015 and Beyond

- Federal Income Taxes
 - ◆ Ordinary income
 - ◆ Capital gains
 - ◆ Qualified dividends
- Federal Surtax on Net Investment Income
- Federal Transfer Taxes
- State Taxes
 - ◆ Income
 - ◆ Transfer
 - ◆ Sales
- Regional and Local Taxes
 - ◆ Property
 - ◆ Sales
 - ◆ User fees
 - ◆ Transaction fees

Navigating a Changing Tax Landscape



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TAX STRATEGIES

- Wealth Transfers in 2015
- Planning for 2015 and Beyond
- Coordinated Tax Planning, Asset Management, and Fiduciary Management
- Asset Location
- Domicile/Situs

I. Intentionally Defective Grantor Trusts

- ◆ Can trustee consider grantor's tax circumstances in making investment decisions?
- ◆ If trust assets were acquired with an installment note and have declined in value, should the note terms be renegotiated?
- ◆ Should the grantor retain powers indefinitely?
- ◆ When should the trustee advise the beneficiaries about eventual issuance of K-1's?

II. Grantor Retained Annuity Trusts

- ▶ For GRATs with asset price volatility, should the portfolio be:
 - Actively managed, to reap gains
 - Passively managed, to let values take their course
- ▶ Should assets with severely depressed values be re-purchased and re-GRAT'ed?
- ▶ When Re-GRAT'ing
 - Should the power of substitution be used for an asset swap?
 - If assets are re-purchased, what consideration should be provided?
 - Cash
 - Installment note



Demographic Trends

TRENDS	LEGAL ENVIRONMENT	IMPLICATIONS
Death & Taxes	2001 Tax Act (EGTRRA) 2010 Tax Inaction	Pre and Post-Mortem Estate Planning Strategies, De-Coupling, Formula Failures
Changes in Capital Markets	Prudent Investor Rule Uniform Prudent Management of Institutional Funds Act	Evolution of Securities Markets and Asset Management Practices
Decline in Yields	Unitrusts and Principal / Income Adjustments	Changes in Asset Allocation, Distribution Practices, and Taxation of Distributions
Wealth Diminution, Reconstitution	Fiscal and Tax Environment Regulatory Environment	Risk Aversion, Tax Navigation, Wealth Transfer Opportunities
Client Mobility	Uniform Trust Laws Non-Uniform State Tax Laws	Tax Deterrents & Incentives to Mobility, Changes in Estate Planning & Trust Administration





Uniform State Trust Laws

States Enacted

■ Prudent investor Rule	50
■ Uniform Trust Code	30
■ Uniform Probate Code	18
■ Uniform Principal & Income Act	46
■ Uniform Transfers to Minors Act	49
■ Uniform Prudent Management of Institutional Funds Act	49
■ Uniform Marital Property Act	1
■ Fiduciary Access to Digital Assets Act	0





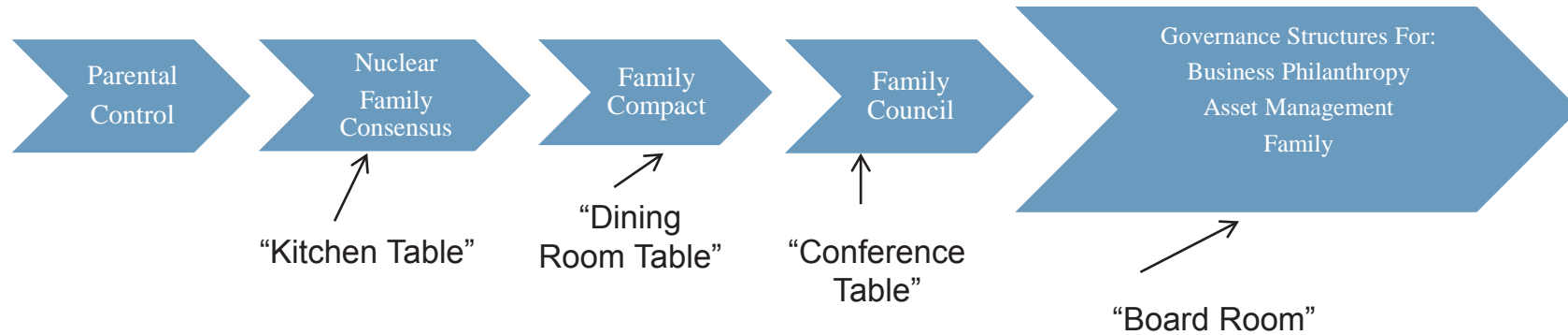
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Client Mobility	Uniform Trust Laws Non-Uniform State Tax Laws	Tax Deterrents & Incentives to Mobility, Changes in Estate Planning & Trust Administration
New Generation of Clients	Trust Friendly Jurisdictions, Fiscal Implications of Aging Population, Unfunded Federal And State Liabilities	Legacy Planning, Family Governance, Planning and Administration for Non-Traditional Families, Modification of Trustee Duties, Situs Shopping





Family Decision Making Continuum





Echoes of a Changing Wealth Dialogue

Perennial Concern: How much will I get? When?

New Philosophical Issues: What will our legacy be?
How much wealth is too much?
When and how should we discuss wealth with children?
How can we facilitate good family governance?

New Practical Concerns: How will we provide for — Aging Parents
— Dependent Children
How will we provide for — Disabled siblings
— Non marital partners
How should we treat — Full blooded children
— Half blooded children
— Step children
— Children of assisted conception

New Tactical Issues: What is the best situs for wealth?

Can we protect (our parents') assets from creditors' claims?

Can we change: irrevocable trust provisions, trustee duties, etc.?



Long Term Trust Design



Trust Duration





Wealth Transfers After ATRA*

■ Introduction

- ◆ Under current law, 2015 represents a continuing opportunity to transfer substantial wealth by gift to family members, particularly through long term trusts designed to be exempt from the Rule Against Perpetuities.
- ◆ The Tax Reform Act of 2010 unified both exemptions and rates under the Federal Estate, Gift, and Generation Skipping Transfer Taxes. ATRA preserved the unified exemption and rate structure, with a modest marginal rate increase.

	<u>2013</u>	<u>2011</u>	<u>2014</u>	<u>2012</u>	<u>2015</u>
Exemptions	\$5,340,000	\$5,000,000	\$5,120,000	\$5,250,000	
		\$5,430,000			
Rate on Excess	40%	40%	35%	35%	40%

- ◆ Leveraged wealth transfer strategies such as the use of valuation discounts for unmarketable and minority interests, short-term grantor retained annuity trusts, defined value clauses, installment sales, and self-cancelling installment notes, among others.
- ◆ The ability to obtain grantor trust treatment for fiduciary income tax purposes. See Revenue Ruling 85-13, 1985-1 Cum. Bul 184. See also Sections 671 et seq. of the Internal Revenue Code.

*American Taxpayer Relief Act of 2012

■ Rule Against Perpetuities

- ◆ Approximately 31 states have either repealed, optioned or extended the permissible period under the common law Rule Against Perpetuities (See Table A) making these states a logical choice for the situs of a long-term family (or “dynasty”) trust. Threats to perpetual trusts exist on several fronts:
 - ▶ President Obama has proposed, in the General Explanations of the Administration’s Fiscal Year 2015 Revenue Proposals (commonly referred to as the “Green Book”) that the Federal GST exemption to be limited in duration to a period of ninety years.
 - ▶ The American Law Institute’s Restatement Third of Property (Wills and Other Donative Transfers) – Volume 3 proposes limiting long-term trusts to no more than two generations below the transferor. This approach is explained and amplified in the “The American Law Institute Proposes a New Approach to Perpetuities: Limiting The Dead Hand to Two Younger Generations.” Lawrence W.. Waggoner, University of Michigan Law School, Public Law and Legal Theory Working Paper Series, Working Paper 200 (Revised July, 2010).
 - ▶ The validity of perpetual, private trusts in states with constitutional bans on perpetuities is uncertain. These states include Arizona, Arkansas, Montana, Nevada, North Carolina, Oklahoma, Tennessee, and Wyoming. Please see [Unconstitutional Perpetual Trusts](#), *Vanderbilt Law Review* Vol. 67:6:1769



State Perpetuities Statutes

RULE**	STATES
Permit Perpetual Trusts	Delaware (for trusts of personal property), District of Columbia, Hawaii, Idaho, Illinois, Kentucky, Maine, Maryland, Michigan, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, Ohio, Pennsylvania, Rhode Island, South Dakota, Virginia, and Wisconsin
Permit Very Long Trusts	Alabama (360 years), Alaska (1000 years), Arizona (500 years), Colorado (1,000 years), Florida (360 years), Nevada (365 years), Tennessee (360 years), Utah (1,000 years), Washington (150 years), and Wyoming (1,000 years)
Follows USRAP	Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Indiana, Kansas, Massachusetts, Minnesota, Montana, Nebraska, New Mexico, Nevada, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, U. S. Virgin Islands, Utah, Virginia, Washington and West Virginia
Follows Common-Law RAP	Iowa, Mississippi, New York, Oklahoma, Texas, and Vermont
Termination at Later of Death of Last Income Beneficiary or 20 years after Grantor's Death	Louisiana

**January, 2015



Northern Trust