

Settling the Revocable Trust in California
A Primer for the Non-Professional Trustee
2008 Supplement

The following information is intended to update the identified portions of this article to reflect the current status and changes in the law.

Chapter II: THE TRUST SETTLEMENT PROCESS

Section 7. Paying Debts and Taxes

Bullet #4, Page 12

The exemption amount for a decedent dying on or before December 31, 2005, is \$1.5 million. The exemption amount for a decedent dying in the years 2006 through 2008 is \$2 million. The exemption amount for a decedent dying in the year 2009 is \$3.5 million. The estate tax is repealed for a decedent dying in the year 2010 only. For a decedent dying on or after January 01, 2011, the exemption amount is \$1 million.

Chapter II: THE TRUST SETTLEMENT PROCESS

Section 8. Filing Tax Returns

Bullet #3, Page 12

There is no independent estate (*death*) tax imposed by the State of California. (*R&T Code §13302.*) Further, the federal estate tax credit for state taxes actually paid was phased out for decedents dying in and after 2005. (*IRC §2058.*) Therefore, there is no California estate tax return to be filed for decedents dying in and after 2005. Estate tax returns may be due in other states if the decedent had assets located in those states.

Chapter II: THE TRUST SETTLEMENT PROCESS

Footnote 28 on Page 13

For the years 2007-2009, the top estate tax rate is 45%.

Chapter III: SETTLEMENT OF A JOINT MARRIED TRUST UPON DEATH OF THE FIRST SPOUSE

Section 4. Split (“A/B” and “A/B/C”) Trusts

Paragraph 5, Page 17 (Beginning with “Assume, for example...)

The principle of this example remains applicable. However, as noted above, the estate tax exemption amount will continue to change through 2011.

Chapter III: SETTLEMENT OF A JOINT MARRIED TRUST UPON DEATH OF THE FIRST SPOUSE

Section 4. Split (“A/B” and “A/B/C”) Trusts

Bullet #2 on Page 17

For year 2007, trust income in excess of **\$10,450** is taxable at the top Federal rate of 35%.