

# Estate Taxes- AB Marital Trust

## Illinois Estate Taxes

Illinois has an estate tax exemption of **\$4 million per person**. You will not be subject to Illinois estate taxes if the net value of your estate, including your real estate, retirement accounts, bank and investment accounts, most life insurance proceeds, business valuation, etc., exceeds **\$4 million**. But if your estate exceeds **\$4 million**, you are subject to the Illinois estate tax.

This also applies to non-residents who own physical or real property in Illinois valued over **\$4 million**. The Illinois estate tax is calculated on all property you own, not just on the value of the Illinois property itself.

As your estate exceeds **\$4 million**, your entire estate is taxable. (i.e., **\$4.1 million** estate. Illinois estate tax = **\$238,800**.) The chart below provides examples of Illinois' sliding "regressive tax rate."

Taxable IL Estate (assuming no lifetime gifts)	IL Estate Tax Calculated	Effective Tax Rate Over \$4M Exemption
\$4,000,000	\$0	N/A
\$5,000,000	\$285,714	28.57%
\$6,000,000	\$456,071	22.80%
\$7,000,000	\$565,603	18.85%
\$8,000,000	\$680,634	17.02%
\$9,000,000	\$801,049	16.02%
\$10,000,000	\$926,923	15.45%
\$15,000,000	\$1,609,310	14.63%
\$20,000,000	\$2,298,965	14.37%

## Federal Estate Taxes

The Federal estate tax exemption is **\$13.61 million** per person in 2024. However, it will "sunset" on 12/31/25 to approximately **\$7 million** per person.

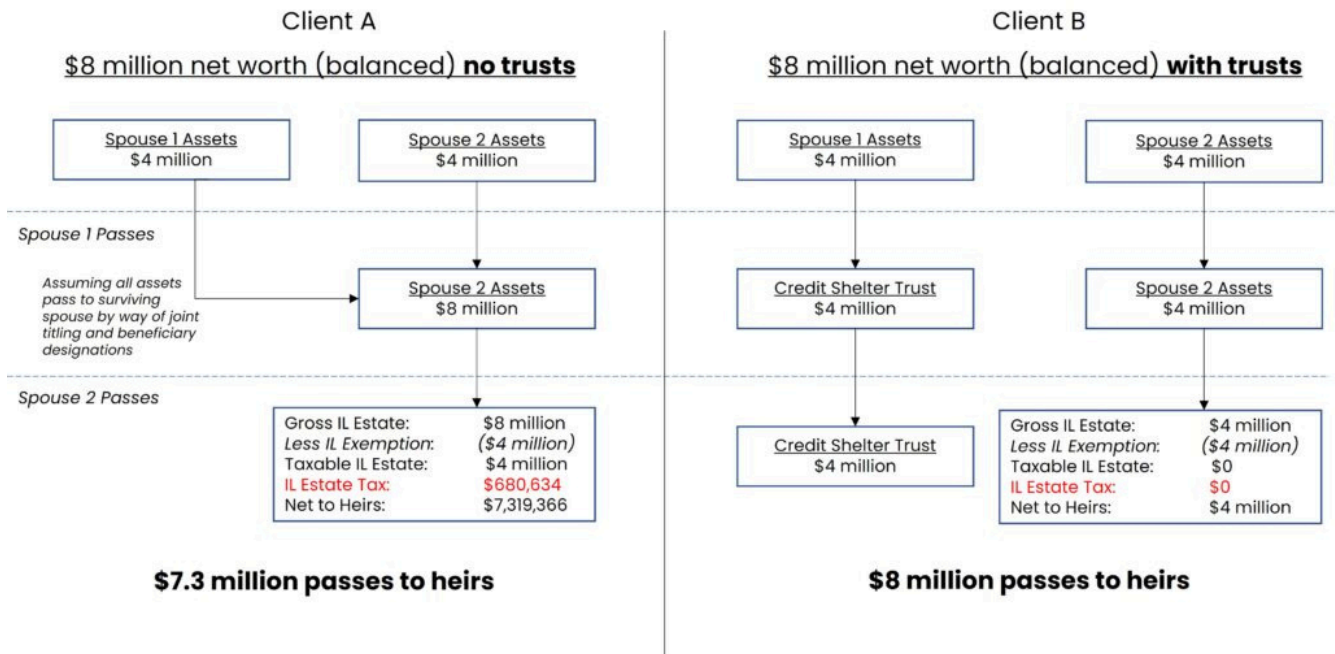
# Portability

Portability allows a deceased spouse's unused estate tax exemption to transfer to the surviving spouse. Illinois does not have portability. Only the surviving spouse's estate tax exemption will be preserved when the first spouse dies.

## AB Marital Trusts

Also known as a Bypass Trust, an AB Trust is a Revocable Living Trust that allows spouses to preserve their individual state and federal exemptions after the death of the deceased and surviving spouse. This estate plan also provides creditor protection at the death of the first spouse. However, there are capital gains tax considerations.

This chart displays the effectiveness of an AB Trust for estate tax saving purposes.



*This information is meant to be informative and for your general knowledge and purposes only. No reader should act or refrain from acting on this information without seeking appropriate legal or professional advice, which requires in-depth discussion about your estate, a thorough investigation into all the relevant facts, and substantial research into the applicable laws.*

For more information, please contact us at (312)-559-8400, [tom@tuohylawoffices.com](mailto:tom@tuohylawoffices.com) or visit our website and Learning Center at the link [here](#) for free resources.

Tuohy Law Offices, 17W220 22nd St, Suite 300, Oakbrook Terrace, Illinois 60181