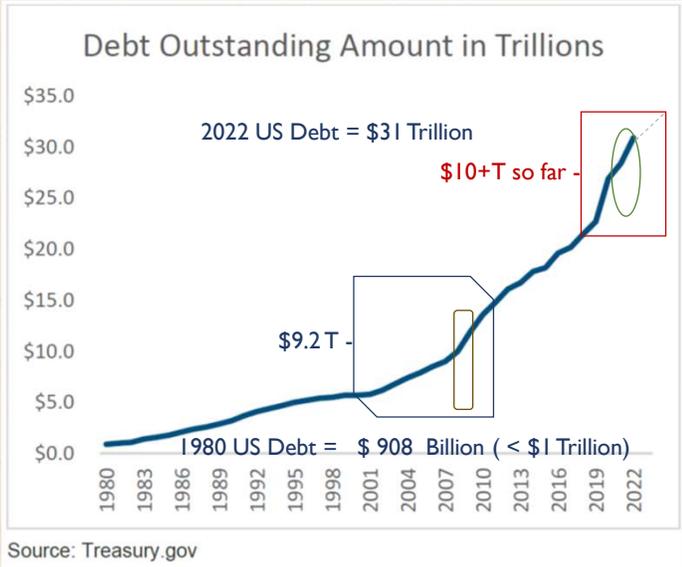


The interest only payment on the US debt is nearly \$2 trillion per year.  
Will the U.S. continue to allow couples to pass millions of dollars without an estate tax?

**Notable Increases 25 Years**  
**Four Events Contribute to the US Debt Spiked Increases**

1. Afghanistan & Iraq Wars 1999 - 2011
2. 2008 Great Recession, 2007 - June 2009
3. The 2017 Tax Cuts & Jobs Act 2018 - 2025
4. COVID 19 Pandemic 2020 - 2023 ?



The total available estate tax exemption amount has increased from \$30,000 per person in 1970 to \$600,000 in years 1987 thru 1997 to \$1,000,000 in years 2002 thru 2010.\* **Today, each person can pass \$12.92 M each** or nearly \$26 M if married escaping the 40% estate tax on those assets. Beginning 2026 TCJA sunsets. But will the 2013 American Taxpayer Relief Act be maintained at the \$5 M level adjusted for inflation or will the U.S. Congress modify it again to help reduce the U.S. deficit?

\* The estate tax was repealed in 2009 but before new laws could be agreed upon, congress adjourned, In year 2010 there was no estate tax.

Year	US Debt \$ Billions	Debt to GDP ratio	Presidential Events by Year
1980	\$908	32%	Volcker raised fed rate to 20%
1981	\$998	31%	Reagan tax cut
1982	\$1,142	34%	Reagan increased spending
1983	\$1,377	37%	Jobless rate 10.8%
1984	\$1,572	38%	Increased defense spending
1985	\$1,823	41%	
1986	\$2,125	46%	Reagan lowered taxes
1987	\$2,350	48%	Market crash
1988	\$2,602	50%	Fed raised rates
1989	\$2,857	51%	S&L Crisis
1990	\$3,233	54%	First Iraq War
1991	\$3,665	58%	Recession
1992	\$4,065	61%	
1993	\$4,411	63%	Omnibus Budget Act
1994	\$4,693	64%	Clinton budgets
1995	\$4,974	64%	
1996	\$5,225	64%	Welfare reform
1997	\$5,413	63%	
1998	\$5,526	60%	LTCM crisis and recession
1999	\$5,656	58%	Glass-Steagall repealed
2000	\$5,674	55%	Budget surplus
2001	\$5,807	55%	9/11 attacks and EGTRRA
2002	\$6,228	57%	War on Terror
2003	\$6,783	59%	JGTRRA and Iraq War
2004	\$7,379	60%	Iraq War
2005	\$7,933	61%	Bankruptcy Act & Hurricane Katrina.
2006	\$8,507	61%	Bernanke chaired Fed
2007	\$9,008	62%	Bank crisis
2008	\$10,025	68%	Bank bailout and QE
2009	\$11,910	82%	Bailout= \$250B ARRA added \$242B
2010	\$13,562	90%	ARRA add \$400B, Obamacare & cuts
2011	\$14,790	95%	Debt crisis, recession and tax cuts reduced revenue
2012	\$16,066	99%	Fiscal cliff
2013	\$16,738	99%	Sequester, government shutdown
2014	\$17,824	101%	QE ended, debt ceiling crisis
2015	\$18,151	100%	Oil prices fell
2016	\$19,573	105%	Brexit
2017	\$20,245	104%	Congress raised the debt ceiling
2018	\$21,516	105%	Trump tax cuts
2019	\$22,719	107%	Trade wars
2020	\$27,748	129%	COVID-19 and 2020 recession
2021	\$29,617	124%	COVID-19 & American Rescue Plan A
2022	\$30,824	123%	Inflation Reduction Act and student loan forgiveness
2023			Is the COVID-19 Pandemic over? Will the oil shortages end?

<https://www.thebalancemoney.com/national-debt-by-year-compared-to-gdp-and-major-events-3306287>

We speculate that larger estate tax exemptions are fleeting after year 2026. If families would like to take advantage of the generous exemption values today, they need to act soon. Business Wise Insurance, PLLC is a registered investment adviser in the State of Washington CRD 297580. The Adviser may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration.

Yes, you can gift your wealth to a trust and still enjoy many of the benefits the assets bring you and and your family. Your heirs will greatly benefit too.



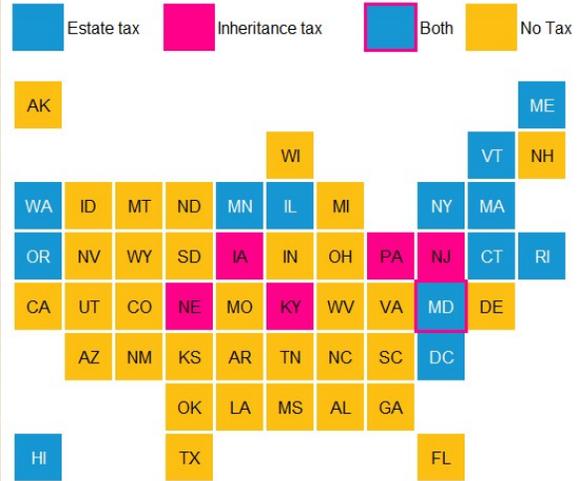
### States with a Separate Estate Tax 2022

Resident State sorted by Tax Impact	St. Exemption From Est. Tax Millions \$	Top Rate After Grad Value \$ M	2022 Estate Tax Scale Rates	\$10M Estate estimated \$ State Tax Due
Massachusetts	1.0	10.4	0.8 - 16%	2,082,800
Washington	2.193	9.0	10 to 20%	1,257,365
Oregon	1.0	8.5	10 - 16%	1,023,000
Minnesota	3.0	10.1	13 - 16%	910,000
Rhode Island	1.733	10.0	0.8 - 16%	848,878
Vermont	5.0	5.0	16%	800,000
New York	5.93	10.1	3.06 - 16%	624,640
Hawaii	5.49	10.0	10 to 20%	540,070
Illinois	4.0	10.0	0.8 - 16%	522,800
Maryland <sup>1</sup>	5.0	10.0	0.8 - 16%	398,320
Maine	5.8	6.0	8.0 - 12%	360,000
Dist. Columbia	4.254	10.0	11.2 - 16%	172,982
Connecticut <sup>2</sup>	9.1	10.1	11.6 - 12.6%	104,000

1. - Inheritance tax of IA, KY, MD, NE, NJ and PA depends on the beneficiaries' relationship. Beneficiaries paid tax range: 0.5% - 12%.

2. - Beginning 2023 in Connecticut estate tax exemption will match the Federal levels.

### Estate and Inheritance Taxes, 2022



Source: State tax codes and forms.

URBAN INSTITUTE

### Washington's Separate Estate Tax & the COST OF WAITING until Jan 2026

After applying the WA \$2.193 M Exemption, the Impact of not mapping out your estate plan now.

U.S. citizens may gift up to the annual gift tax exclusion amount without a tax impact to any family member, or other benefactor chosen, every year by way of this exclusion amount. In 2023 the exclusion amount is \$17,000. A married couple may gift up to \$34,000 per child or grandchild without reporting the gift. There is a common misconception however, that you must pay gift taxes if you gift more than this amount to a any one person.

Any gift over the annual exclusion simply accumulates on your IRS Form 706 that will be attached to form 1040. When your accumulated gifts reach the applicable year's maximum federal estate tax exemption limit, a 40% Federal gift tax applies to all future gifts. The cost of waiting until after Jan. 1, 2026, is illustrated at the bottom of the chart.

The key takeaway is that the federal estate tax exemption is high for another two years and gifts while living won't trigger a Washington estate tax. The door is open for Washingtonian married couples to map out a gifting plan to an irrevocable trust now but this opportunity sunsets soon.

Estimated Estate Value after Deductions, Federal Credits and the WA State \$2.193 million Estate Tax Exemption				
Gross Estate after fed deduct. -	\$7,193,000	\$12,193,000	\$17,193,000	\$22,193,000
<b>State Taxable Estate -</b>	<b>5,000,000</b>	<b>10,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>
<b>Tiered State Estate Tax</b>				
\$0 to 1 M, 10% -	100,000	100,000	100,000	100,000
\$1 to 2 M, 14% -	140,000	140,000	140,000	140,000
\$2 to 3 M, 15% -	150,000	150,000	150,000	150,000
\$3 to 4 M, 16% -	160,000	160,000	160,000	160,000
\$4 to 6 M, 18% -	180,000	360,000	360,000	360,000
\$6 to 7 M, 19% -	0	190,000	190,000	190,000
\$7 to 9 M, 19.5% -	0	390,000	390,000	390,000
\$9 M or more, 20% -	0	200,000	1,200,000	2,200,000
<b>Estimate Only</b>				
<b>WA State Estate Tax -</b>	<b>\$730,000</b>	<b>\$1,690,000</b>	<b>\$2,690,000</b>	<b>\$3,690,000</b>
<b>2023 Federal Estate Tax -</b>	0	0	\$578,200	\$2,178,200
<b>Net Estate to Heirs -</b>	<b>\$6,463,000</b>	<b>\$10,503,000</b>	<b>\$13,924,800</b>	<b>\$16,324,800</b>

Federal Estate Tax Increase in 2.5 years - assuming WA State stays the same

<b>2026 Federal Estate Tax -</b>	\$210,200	\$1,826,200	\$3,426,200	\$6,502,200
<b>Net Estate to Heirs -</b>	<b>\$6,252,800</b>	<b>\$8,676,800</b>	<b>\$11,076,800</b>	<b>\$12,000,800</b>
<b>Cost of Waiting -</b>	<b>(\$210,200)</b>	<b>(\$1,826,200)</b>	<b>(\$2,848,000)</b>	<b>(\$4,324,000)</b>

*Give Us a Call, We Can Help:* (425) 595-5158