

# Your Guide to Navigating the Massachusetts State Estate Tax Law

Massachusetts is one of the few states that collects a state estate tax - understanding and keeping up with the latest laws can be tricky. Read below for some helpful information on whether your estate is subject to this tax.

**How do I know if my estate is subject to the state estate tax?** Are you a Massachusetts resident and have an estate worth more than \$1 Million? If so, Massachusetts will levy an estate tax on the entire value of the estate (the value of your estate can include, for example, life insurance and retirement accounts) and require payment to be made to the state first, before any assets are passed on to your heirs. The \$1 Million exemption is not portable between spouses. So, to get the most out of the exemption, assets need to be split into each spouse's name - that way the first spouse to pass can use their exemption if deemed appropriate at the time. The use of appropriate trusts can also be an effective way to minimize the impact of the Massachusetts Estate Tax.

**What property must be included in the gross estate?** All property in which the decedent had an ownership interest would be included in the gross estate. Also included are certain transfers made during the decedent's life, Annuities, Joint estates with right of survivorship, tenancies by the entirety, life insurance proceeds (even though payable to beneficiaries other than the estate), property over which the decedent possessed a general power of appointment (assets in trusts), and community property to the extent of the decedent's interest as defined by applicable law. The MA State Estate Tax Rate chart on the next page will give you a sense for what your MA Estate Tax Liability may be.

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**MASSACHUSETTS ESTATE TAX RATES**

Taxable Estate		Tax Calculation		
From	To	Tax	+% of Excess Over	
\$ -	\$ 40,000.00	\$ -	0.0%	\$ -
\$ 40,000.00	\$ 90,000.00	\$ -	0.8%	\$ 40,000.00
\$ 90,000.00	\$ 140,000.00	\$ 400.00	1.6%	\$ 90,000.00
\$ 140,000.00	\$ 240,000.00	\$ 1,200.00	2.4%	\$ 140,000.00
\$ 240,000.00	\$ 440,000.00	\$ 3,600.00	3.2%	\$ 240,000.00
\$ 440,000.00	\$ 640,000.00	\$ 10,000.00	4.0%	\$ 440,000.00
\$ 640,000.00	\$ 840,000.00	\$ 18,000.00	4.8%	\$ 640,000.00
\$ 840,000.00	\$ 1,040,000.00	\$ 27,600.00	5.6%	\$ 840,000.00
\$ 1,040,000.00	\$ 1,540,000.00	\$ 38,800.00	6.4%	\$ 1,040,000.00
\$ 1,540,000.00	\$ 2,040,000.00	\$ 70,800.00	7.2%	\$ 1,540,000.00
\$ 2,040,000.00	\$ 2,540,000.00	\$ 106,800.00	8.0%	\$ 2,040,000.00
\$ 2,540,000.00	\$ 3,040,000.00	\$ 146,800.00	8.8%	\$ 2,540,000.00
\$ 3,040,000.00	\$ 3,540,000.00	\$ 190,800.00	9.6%	\$ 3,040,000.00
\$ 3,540,000.00	\$ 4,040,000.00	\$ 238,800.00	10.4%	\$ 3,540,000.00
\$ 4,040,000.00	\$ 5,040,000.00	\$ 290,800.00	11.2%	\$ 4,040,000.00
\$ 5,040,000.00	\$ 6,040,000.00	\$ 402,800.00	12.0%	\$ 5,040,000.00
\$ 6,040,000.00	\$ 7,040,000.00	\$ 522,800.00	12.8%	\$ 6,040,000.00
\$ 7,040,000.00	\$ 8,040,000.00	\$ 650,800.00	13.6%	\$ 7,040,000.00
\$ 8,040,000.00	\$ 9,040,000.00	\$ 786,800.00	14.4%	\$ 8,040,000.00
\$ 9,040,000.00	\$ 10,040,000.00	\$ 930,800.00	15.2%	\$ 9,040,000.00
\$ 10,040,000.00	----	\$ 1,082,800.00	16.0%	\$ 10,040,000.00

**Highlight Section:** Example - \$5,500,000 Taxable Estate - Tax Calc.: \$402,800 + \$55,200 (\$5,500,000 - \$5,040,000 = \$460,000 \* 12%) = Tax of \$458,000

Thoughtful estate planning is very important, especially for those that wish to leave assets to their beneficiaries or heirs without being impacted by significant taxes. Please contact your Rockland Trust Investment Management Group (IMG) Financial Consultant or Relationship Manager to discuss ways to minimize the impact of the Massachusetts State Estate Tax and how to leverage gifting strategies.

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