



BOOMERTIME TAX TRAP CHECKLIST

ESTATE & INHERITANCE

TAX TRAP SELF-CHECKLIST

10 Common Tax Issues That Quietly Cost Families Money

Purpose:

This checklist is designed to help individuals and families identify common tax risks that often arise during estate administration—frequently without warning.

Checking an item does **not** mean you have a problem; it means the issue is worth reviewing with a qualified estate planning attorney or tax professional.

1. Federal Estate Tax Exposure

- I do not know the current federal estate tax exemption
- I have never calculated the total value of everything I own
- My assets have increased significantly in value over time
- I assumed estate tax only applies to the ultra-wealthy

Why this matters:

Estate values often exceed expectations once all assets are added together.

2. State Estate or Inheritance Taxes

- I am unsure whether my state has an estate or inheritance tax
- I own property or assets in more than one state

- I have moved states but never updated my estate plan
- My plan was created in a different state

Why this matters:

State tax rules vary widely and can apply even when no federal estate tax is due.

3. Loss of Step-Up in Basis

- I have gifted real estate, stocks, or investments during my lifetime
- I plan to gift assets to “avoid probate”
- I don’t understand what “step-up in basis” means
- My assets were purchased many years ago at low prices

Why this matters:

Giftting appreciated assets too early can unintentionally create capital gains taxes for heirs.

4. Inherited Retirement Account Taxes

- I have IRAs, 401(k)s, or other retirement accounts
- My beneficiaries are adult children or grandchildren
- I assumed retirement accounts pass tax-free
- I have never reviewed beneficiary tax consequences

Why this matters:

Most inherited retirement accounts must now be withdrawn—and taxed—within 10 years.

5. Estate or Trust Income Taxes

- I expect my estate or trust to hold income temporarily
- I am serving (or may serve) as an executor or trustee
- I assumed estates are taxed like individuals
- I plan to “wait until everything settles” before distributing income

Why this matters:

Estates and trusts reach the highest income tax brackets very quickly.

6. Capital Gains from Forced Asset Sales

- My estate would need to sell assets to pay expenses
- I have limited liquid cash outside investments
- My assets fluctuate with market conditions
- I have no plan for paying estate administration costs

Why this matters:

Selling assets under pressure can trigger unnecessary capital gains and losses.

7. Lifetime Gift Tax Issues

- I have helped children or others financially in large amounts
- I have made gifts larger than annual exclusion limits
- I did not report gifts on a gift tax return
- I assumed gifts to family “don’t count”

Why this matters:

Improperly documented gifts can reduce future exemptions or create compliance issues.

8. Missed Charitable Tax Opportunities

- I want to leave money to charity
- I have retirement accounts and charitable intent
- I have never coordinated charitable gifts with tax planning
- My estate plan does not mention charitable strategy

Why this matters:

Certain assets are far more tax-efficient to give to charity than others.

9. Outdated Beneficiary Designations

- I have not reviewed beneficiaries in several years
- I experienced divorce, remarriage, or family changes
- I assumed my will controls everything
- I have retirement or insurance beneficiaries not coordinated with my plan

Why this matters:

Beneficiary forms override wills and can unintentionally trigger tax or legal problems.

10. Generation-Skipping Transfer (GST) Tax

- I want to leave assets to grandchildren
- I plan to “skip” my children in some distributions
- I was unaware an extra tax could apply
- My estate plan does not address multi-generation transfers

Why this matters:

Transfers to grandchildren can trigger an additional federal tax without proper planning.

