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June 2026 Estate Planning

Top Stories

SPOTLIGHT OF THE MONTH:

Q: What are some estate planning strategies to reduce the Illinois estate tax?

A: Illinois imposes a strict estate tax. Once your estate surpasses $4 million, progressive tax rates ranging from 0.8% to 16% are calculated against the entire value of the estate, not just the amount over the threshold. Furthermore, Illinois does not allow portability, meaning a surviving spouse cannot automatically inherit and use the deceased spouse's unused $4 million exclusion.

To protect your wealth from this state-level "cliff tax," consider the following structural estate planning strategies:

- **Establish a Credit Shelter Trust (Bypass or A/B Trust):** Instead of passing all assets directly to your spouse, the first spouse's estate can fund a Credit Shelter Trust up to the $4 million Illinois threshold. The surviving spouse can access income generated by the trust, but the underlying assets are kept separate from the surviving spouse's personal estate. When the second spouse passes, those trust assets flow to the heirs free from estate tax, effectively shielding up to $8 million for a married couple.
- **Utilize an Illinois QTIP Trust:** A Qualified Terminable Interest Property (QTIP) trust allows you to defer estate taxes until the second spouse's death while still dictating exactly where the remaining principal goes afterward, which is especially useful for blended families. Crucially, Illinois allows a state-specific QTIP election. This allows you to fully fund a federal credit shelter trust to match the much higher federal exemption while making a special election at the state level so that you do not trigger immediate Illinois estate taxes upon the death of the first spouse.
- **Balance the Asset Plan:** Work with an estate planning attorney to deliberately divide and retitle property, real estate, and investment accounts. The goal is to split assets so that each spouse holds roughly $4 million or less in their individual name or respective revocable living trust. This helps ensure that, no matter which spouse passes first, both individual $4 million exclusions can be fully utilized.
- **Utilize the Annual Federal Gift Exclusion:** You can gift up to $19,000 per recipient, per year, as of 2026, to an unlimited number of people without filing a gift tax return or using your lifetime exemption. If you are married, you can use "gift splitting" to double this amount to $38,000 per recipient.
- **Remove Appreciating Assets:** Even if you make larger lifetime gifts that exceed the annual exclusion, which may reduce your federal lifetime exemption, Illinois does not tax the gift itself. Most importantly, any future appreciation of that asset occurs outside of your estate, safely away from the Illinois estate tax.
- **Form an Irrevocable Life Insurance Trust (ILIT):** Create an ILIT to purchase or hold your life insurance policy. Because the trust legally owns the policy, the death benefit payout is excluded from your taxable estate, allowing it to bypass the Illinois estate tax while providing immediate liquidity to your beneficiaries.
- **Set Up Charitable Trusts:** If you want to balance family inheritance with charitable giving, you can use a Charitable Remainder Trust (CRT) to provide a stream of income to your heirs for a set period, with the remaining principal going to charity tax-free. Conversely, a Charitable Lead Trust (CLT) pays the charity first and then passes the remaining appreciated assets to your heirs later at a reduced tax value.

Who Will Inherit Ted Turner's Estate? Lessons for Families

Ted Turner has passed away at the age of 87. With his death comes the question that follows many high-profile estates: who gets the money? For Turner, however, alternately known as a visionary, trailblazer, rabble-rouser, and do-gooder, the answer may be more complicated than a simple list of heirs and a division of assets.

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Learn about the common types of power of attorney and decision-making documents. Compare when each starts, who should serve as agent, and common mistakes to avoid.

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Current laws don't stop artificial intelligence (AI) from resurrecting your voice and image after death. Learn about five traps in estate planning and how to protect your digital self.

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