



## **Estate Planning Pitfall**

### **Property has declined in value since the owner's death date**

Property in an estate typically is valued on the date of the owner's death. But as executor, personal representative or trustee, you may elect to value the property six months later in certain situations.

Using this alternative valuation date may be beneficial if the estate includes property whose value has dropped significantly since the owner's death, such as stock or other securities, because it can reduce estate taxes.

Bear in mind that you can't apply this election selectively to certain property types. After you make the election, it's irrevocable, and it applies to all of the estate's property. There's an exception, however, for property sold or otherwise disposed of during the six-month period between the date of death and the alternate valuation date; it's valued on the date of the sale or other disposition.

Before taking action, be aware that lower valuation amounts also will lower the heirs' tax basis in the property. This can potentially increase their taxable gain if they sell the property. The estate tax savings, however, may outweigh any additional income taxes.

*For more information, please contact us via phone or e-mail, or visit us on the World-Wide Web:*

**Lennington Law Firm, PLLC**  
821 Raymond Avenue, Suite 315  
St Paul, MN 55114

Peter G. Lennington, Esq.  
peter@lennington.com

651-641-0741  
<http://www.lennington.com/>