

# Exempt Income Overview for Estate Planning

Date: [Insert Date]

To: [Insert Recipient Name]

[Insert Recipient Address]

Dear [Recipient Name],

I hope this letter finds you well. As part of our ongoing estate planning discussions, I wanted to provide you with an overview of the exempt income that is applicable to your estate.

## Overview of Exempt Income

- **Life Insurance Proceeds:** Generally exempt from income tax.
- **Inheritance:** Typically not taxable as income.
- **Gifts:** Exempt up to the annual exclusion limit.
- **Municipal Bond Interest:** Tax-exempt at the federal level.
- **Certain Trust Distributions:** May be exempt depending on the trust type.

Please review this information carefully and feel free to reach out if you have any questions or need further clarification on any points. It's essential to ensure that all exempt income sources are considered in your estate planning strategy.

Thank you for your attention to this important matter.

Sincerely,

[Your Name]

[Your Title]

[Your Contact Information]