

Buried in the over 500 tax law changes last year was this one passed on to me from some of my tax links.

Home sale exclusion for surviving spouse

One of life's most difficult decisions is whether to keep or sell a home after the death of a spouse. It also often posed a costly tax dilemma for a widow or widower. Usually, a married couple can exclude up to \$500,000 in profit on the sale of their home. When a husband or wife died, the house had to be sold in the year of death for that full exclusion amount to apply.

Now, however, a tax law that took effect in 2008 will allow the surviving spouse to claim the \$500,000 exclusion as long as he or she sells the home within two years after the spouse's date of death. The widow or widower must remain unmarried and all other tests, such as residency and ownership, also must be met.

Michael R. Clancy, CFP®, CLU, CCPS
Director of Financial Planning
Capital Planning Advisory Group