Many families that spent last year worrying about whether the federal estate tax would affect them can now breathe easy.

The estate-tax threshold had been $5 million, but as Congress debated the deficit and tax legislation, the possibility arose that the threshold would be moved as low as $1 million. That would have drastically increased the number of families subject to the tax.

As a result, many folks scrambled for ways to shield their money. Strategies included maximizing their annual gift exemptions and setting up irrevocable life insurance trusts.

It turns out that few families had reason to worry. The recently passed American Tax Relief Act of 2012 provides a gift and generation-skipping transfer tax exemption of $5 million for each individual. Married couples can shelter up to $10 million.

Because the exemption is indexed to inflation, the bogie for 2013 will be a little higher—probably around $5.25 million for individuals, for example. Transfers of wealth above the threshold amount are subject to a flat 40% tax rate, up from 35%.

The new tax law has the replaced uncertainty about rates and exemption thresholds with certainty. That means that now is a good time to review your financial plan and estate plan, and to evaluate whether the strategies you may have had in place to avoid taxes still make sense.

There isn't a single answer for how families should proceed in light of the new tax law. The actions they'll have to take, if any, will depend on any steps they've taken in the past to avoid the death tax.

Back when the estate-tax threshold was a question mark, many families set up trusts that allowed them to gift money into an insurance policy, which their heirs would inherit free from death tax. Whether such trusts still make sense depends on each family's specific situation and again, that's a good reason to set up a review.

The big picture, though, is that many families who feared they were in the estate tax crosshairs can now relax. And there's more good news for Tennessee residents: Earlier this year, state lawmakers voted to phase out the estate tax over four years. And they repealed the gift tax retroactive to January 1, 2012.

The move was aimed at making the state more attractive to wealthy retirees. And it's yet another reason to review your estate plan and financial plan to make sure you're taking full advantage of the current environment.