

GIFTS:

MAXIMIZE YOUR OPTIONS BEFORE THE LAW CHANGES IN 2025

ABOUT GIFTING

Gift giving is a powerful estate planning tool that can help reduce or eliminate the 40% estate tax on estates over the current lifetime exemption. Even taxpayers that are well below the current lifetime exemption may use gifts to shift assets to family members. The following information is meant to help understand the current gifting thresholds and some existing regulations.

TAX CUTS AND JOBS ACT (TCJA) OF 2017

- Doubled lifetime exemption from \$5M to \$10M
- This sunsets on December 31, 2025.

LIFETIME EXEMPTION

- Individual: \$12.92M adjusted for inflation in 2023
- Married: \$25.84M adjusted for inflation in 2023
- Portability, DSUE
 - ✦ DSUE (Deceased Spouse Unused Exemption): If a spouse dies without using their lifetime exemption, the unused portion can be transferred to the surviving spouse

ANNUAL EXCLUSION

- \$17,000 per donee in 2023
- Present interest gifts
 - ✦ Completed, direct gifts
 - ✦ Indirect gifts to trusts do not qualify. However, if the trust beneficiaries are given current (and temporary) withdrawal rights then the gift could be considered a present interest gift.
- \$34,000 for married couples
 - ✦ \$17,000 each of split gifts or if only one spouse is making gifts they could elect to split gifts on the gift tax return. This would allocate all gifts for the year equally among the married couple.
- Payments for medical care (paid to the provider) or for tuition (paid to the institution) are not taxable gifts

Questions?

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