

# ESTATE AND GIFT TAX

## Quick Facts

As you think about estate planning, keep in mind that you can give a certain amount in tax-free gifts or transfer wealth throughout your lifetime without having to pay taxes. Your lifetime gift tax exclusion amount is the same as your estate tax exemption.



### Lifetime Exclusion Limits

As a result of the 2017 Tax Cuts and Jobs Act, lifetime exemption amounts for federal estate and gift taxes has more than doubled, from roughly \$5.5 million to \$11.7 million per individual and \$23.4 for married couples in 2021.

It's important to note that the \$23.4 million number per couple isn't automatic. An unlimited marital deduction allows you to leave all or part of your assets to your surviving spouse free of federal estate tax. But to use your late spouse's unused estate tax exemption, referred to as portability, you must elect it on the estate tax return of the first spouse to die, even when no tax is due. If you don't elect portability, you could incur a federal estate tax bill.

### Gift Tax Exclusion

You can give annual gifts without being taxed. The lifetime exclusion only applies when you give gifts that are worth more than the annual exclusion. Since

2019, the annual gift tax exclusion has remained at \$15,000 for individuals and \$30,000 per couple. For example, if you and your spouse give an annual gift of \$50,000 to a specific individual, of that gifted amount, \$30,000 will be a tax-exempt gift and \$20,000 will count toward your lifetime exclusion amount. Even after you surpass the lifetime exclusion, you can still give up to the annual gift exclusion amount without paying gift tax.

### Phased Out Lifetime Exclusion Amount

The increased exemption amounts for gift and estate taxes are temporarily in effect from 2018 through 2025. In 2026, it is scheduled to revert back to the prior \$5 million exemption base per individual, subject to inflation adjustments at that time.

### Reviewing Your Estate Plan

It may be a good time to consider reviewing your estate plan and your will to ensure they are still going to accomplish what your goals.

### Trust, life insurance and gift ideas to consider:

- Qualified Personal Residence Trusts (QPRTs)
- Grantor Retained Annuity Trusts (GRATs)
- Domestic Asset protection trusts
- Spousal trusts
- Review life insurance and determine if changes are needed
- Gifting family LLC interests

## Generation-skipping Transfer Tax

Additionally, a generation-skipping transfer (GST) tax applies when you gift money and assets to grandchildren or to any unrelated person who is at least 37 ½ years younger than you. The GST tax is meant as a way to discourage an individual from passing assets directly to a grandchild in the hope they would avoid paying the estate tax twice (once when passing to a child and then again when they pass it to their child). The generation-skipping tax exemption is the same as the annual and lifetime gift tax exclusions.

## Talk to Your Advisor and Team

Your advisor at Mariner Wealth Advisors works alongside our estate planning and trust services team and your outside counsel to advise you on estate planning. Consider meeting to review all of your documents and accounts to help ensure your wishes for your assets and family are met.

### Sources:

["Estate Tax."](#) irs.gov

["A Guide to the Gift Tax."](#) Policygenius.

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