

Estate and Gift Tax

Quick Facts

Take advantage of the current lifetime gift and estate planning tax exemption before it sunsets at the end of 2025. Here are some quick facts about tax breaks related to wealth transfer.

Lifetime Exclusion Limits

In 2022, your lifetime gift and estate planning tax exemption is \$12.06 million and increases to \$12.92 million in 2023.¹ Starting in 2026, that amount is expected to be cut in half, so it's a good idea to take advantage of it now as a way to transfer wealth to heirs and favorite charities free of federal taxes. Note that any amounts you transfer or gift over the lifetime exemption amount will be taxed.

Unlimited Marital Deduction

If you are married, 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. In 2022, the annual gift tax exclusion is \$16,000 for individuals (\$32,000 per couple). In 2023, the annual exclusion increases to \$17,000 for individuals (\$34,000 per couple).

For example, if you and your spouse give an annual gift of \$50,000 to a specific individual in 2022, of that gifted amount, \$32,000 will be a tax-exempt gift and \$18,000 will count toward your lifetime exemption amount. Even after you surpass the lifetime exemption, you can still give up to the annual gift exclusion amount without paying gift tax.

Phased Out Lifetime Exclusion Amount

When the federal lifetime gift and estate planning tax exemption expires in 2025, it's expected to revert back to the prior amount per individual and will be subject to inflation adjustments. The exemption is expected to significantly decrease to around \$6.6 million in 2026.²



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 37½ 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 exclusion.

Review Your Estate Plan

If it's been a few years since you've reviewed your estate plan, or you've experienced a life change such as divorce or loss of a spouse, review your estate plan with your attorney and wealth advisor to update all of your key documents.

Talk to Your Wealth Team

At Mariner Wealth Advisors, our estate planning and trust services team are in-house. They can work with you, your wealth advisor and attorney to advise you on tax-efficient estate planning.



For more information visit: marinerwealthadvisors.com

Source:

¹ ["What's New-Estate and Gift Tax"](#)

² ["Gift and Estate Tax Changes"](#)

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