



WHO SHOULD CONSIDER GIFTING?

- Clients who are certain they will never need the gifted assets and can maintain financial independence without those assets and the income they may generate.
- Clients who are confident the gifted property will appreciate in value before death.
- Clients who believe that federal tax exemptions will be reduced below the current level for a prolonged period.
- Clients who are willing to gift the entirety of their exemption now, or at least the majority of it. Because the exemptions may be decreased later, you must give enough now to use what might be taken away. For example, if you have \$13,610,000 in exemption now and use \$4,000,000 on gifts, and the exemption is later reduced to \$5,000,000, you will only have \$1,000,000 of exemption left. The \$4,000,000 you use in gifts now will be applied against whatever exemption is left after the reduction. In other words, the gift will not be taken “off the top” of the higher exemption amount; it will simply be applied to whatever exemption exists later. That means making large gifts now is the only way to capture the difference between the historically large exemption amount, and whatever the exemption is subsequently reduced to.