

With a combined 50+ years of experience, 2X Wealth Group is committed to educating and empowering investors. We firmly believe financial literacy helps people make better decisions.

Gifting to your loved ones with Uncle Sam's help

If you are able, it is better to give assets to your loved ones while you are alive.

Gifting today gives you the enjoyment of seeing your gifts improve their lives. Today's gifts can grow in value in their hands rather than yours, which helps reduce your future taxable estate.

The IRS provides numerous ways to gift tax free. Here's how to do it:

1. Using the annual gift tax exclusion - \$15,000 in 2019 and is expected to remain at \$15,000 for 2020

- Currently, you can give an unlimited number of people up to \$15,000 each without incurring a gift tax.
- Once you give more than \$15,000 to any one person in a year, you can use the lifetime gift and estate exemption.

2. Using the lifetime gift and estate exemption - \$11.4 million in 2019

- The current exemption applies to lifetime gift and estate taxes combined.
- **If you use any part of your lifetime gift exemption, it will reduce the amount available for your estate exemption.** For example, if you gift \$5 million during your lifetime, you would still have a \$6.4 million exemption to apply to your estate at death (\$11.4 mm exemption minus your \$5mm gift leaves you with a \$6.4mm estate exemption).
- Lifetime gifts and estates **above** the \$11.4 million estate tax exemption are taxed at a 40% rate.
- **The current law is in effect until 2025** when the exempt amount goes back to the \$5.5 million previously in effect.
- **Unlimited estate and lifetime gift amounts can pass between married partners without tax.**

3. Direct payment of certain expenses - Unlimited

- Tuition and/or medical bills for others can be paid directly to the educational or medical institution without any lifetime gift or estate tax consequences.

Lifetime gifting can be a great strategy to remove assets from your estate as long as you leave yourself enough money to live on. It is important to meet with a financial planner and tax advisor to determine the most effective strategy for you.



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The content provided herein is for informational purposes only. The statements are believed to be accurate at the time of writing, but tax laws may change. The statements provided do not contemplate each individual's unique financial circumstances. Therefore, you should consult a professional legal and tax advisor for your estate planning needs before taking action.

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