



February 6, 2024

Effective January 1, 2024, the federal estate, gift and generation-skipping transfer tax exemptions have been increased from \$12,920,000 to \$13,610,000 (\$27,220,000 for married couples). Thus, individuals may transfer up to \$13,610,000 during their lifetimes or upon death without the imposition of federal gift or estate tax. Individuals also may make significant generation-skipping transfers without the imposition of tax.

These higher exemption amounts may not be in effect after 2025. The Tax Cuts and Jobs Act of 2017 provides that, as of January 1, 2026, the federal exemption amounts will revert to the exemption amounts that were in effect during 2017 (*i.e.*, \$5,490,000 as indexed for inflation). Therefore, you may wish to consider making lifetime gifts now, to take advantage of the current “large” exemption amounts before they sunset.

For 2024, the amount that is annually exempted from federal gift taxes, also known as the “annual exclusion,” has increased from \$17,000 to \$18,000. For example, you may gift up to \$18,000 per year (\$36,000 per year for a married couple) to as many individuals as desired to reduce the value of your estate, without using up any portion of your applicable lifetime gift tax exemption or incurring any gift tax liability.

The New York State estate tax exemption has been increased from \$6,580,000 to \$6,940,000. Unlike the federal tax system, New York State does not impose a gift tax. This creates an opportunity for New York State residents, as you may reduce the value of your estate subject to New York State estate taxes by making unlimited gifts during your lifetime. The only caveat is that any gifts made within three years of your death will be “clawed” back into your estate for purposes of computing the New York State estate tax.

If you have any questions regarding your estate planning, please contact Jeffrey A. Zankel (jaz@lambzankel.com), Diane J. Moffet (djm@lambzankel.com), Gia Foster (gf@lambzankel.com) or one of our other attorneys at 631-694-2300.

THIS ARTICLE IS MEANT TO ASSIST IN GENERAL UNDERSTANDING OF THE CURRENT LAW. IT IS NOT TO BE REGARDED AS LEGAL ADVICE. THOSE WITH PARTICULAR QUESTIONS SHOULD SEEK THE ADVICE OF COUNSEL.

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