Farr Law Firm Newsletter
Big City Solutions. Small Town Values.
April 2014 | Issue 6

No Tax, No Filing; Annual Gifting Strategies

Worried About Federal Estate Taxes or Filing a Gift Tax Return?

Whether you are worried about federal estate taxes or simply want to pass assets to someone without the hassle of filing a gift tax return, this article explains several options that you should consider. This year, the unified federal estate and gift tax exclusion ("Unified Exclusion") amount is $5,340,000. This $5,340,000 of your assets may be transferred during your life or at your passing without any liability for gift, estate, or generation skipping transfer taxes ("Transfer Taxes"). For a married individual, any Unified Exclusion not used by your spouse during his or her life or at his or her demise may be used by you under the portability rules.

The gift tax annual exclusion ("Annual Exclusion") for 2014 is $14,000. This means an individual may gift up to $14,000 a year per person free of any transfer tax liability or requirement to file a gift tax return and not reduce his or her Unified Exclusion. A married couple may collectively gift $28,000 per person per year. For example, parents could give their children up to $28,000 each year free of Transfer Taxes.

In order to qualify for the Annual Exclusion, the transfer must be an irrevocable gift of a present interest in property. In general, giving money or property outright and free of trust to an individual would qualify for the Annual Exclusion. Please keep in mind that all gifts made to someone during any calendar year count towards the Annual Exclusion and consider other gifts you have made or will make to someone during the year before making a lump sum $14,000 gift.

Annual Exclusion gifting is a great strategy for individuals who wish to decrease the value of their gross estate or simply want to give without filing a gift tax return. If you are giving to limit federal estate taxes, it is a good idea to give assets that will have the largest future appreciation because this has the greatest reduction in your gross estate.

In addition to the Annual Exclusion, an unlimited amount of medical and tuition expenses may be paid on behalf of someone without incurring transfer taxes.

Fletcher H. Rush

TEL 941.639.1158
EMAIL frush@farr.com

Fletcher practices in the areas of wills, estate planning, trust administration and tax planning.

Our Practice Areas

- Asset Protection
- Business & Corporate
- Elder Law
- Guardianship
- Litigation
- Marital & Family
- Mediation
- Personal Injury & Wrongful Death
- Physician Services
- Real Estate & Title Insurance
- Trusts & Estates

Follow us:

Farr.com
To subscribe to our newsletters, please visit our website.

The key to this exclusion is that the payment must go directly to the medical or educational institution; the payment may not go to the individual for payment of the expenses. This method of gifting is commonly used by grandparents to pay for their grandchildren's private school or university tuition.

In deciding whether gifting strategies are appropriate for you, you should keep in mind that gifts in excess of the Annual Exclusion may trigger Transfer Taxes and likely require you to file a gift tax return. As mentioned above, you should take into account the basis of the property before giving because the recipient generally receives the transferor's basis for income tax purposes. If you have questions about annual gifting, you should speak with your estate planning attorney or tax advisor.

Farr Law Firm since 1924

Since 1924, the Farr Law Firm has held to our history and tradition of dedication to our community while working with clients to resolve disputes, solve complex problems, realize new opportunities, preserve and protect wealth and maximize growth in changing environments.

Farr Law Firm has been recognized as one of "Florida's Top Ranked Law Firms" for 2014 by LexisNexis® Martindale-Hubbell®. We may be able to help you or your business. Call our office at 941.639.1158, or visit us on the web at www.Farr.com.

Follow us:

Farr.com
To subscribe to our newsletters, please visit our website.

FARR LAW FIRM
Farr, Farr, Emerich, Hackett and Carr, P.A. • 1924

99 Nesbit Street, Punta Gorda, FL 33950 | 941.639.1158
33 S. Indiana Avenue, Englewood, FL 34223 | 941.460.9334 | farr.com