



Estate & Trust Update

Year-End Gifting? *Better than a Black Friday Deal (And Without All of the Hassle)*

December 2011

Year-end gifting is a great way to accomplish multiple objectives. Gifting assets to others can not only make you feel good (and of course the recipient), but can also ultimately save your estate money. Annual gifts of up to \$13,000 per donee (\$26,000 for married couples) are generally excluded from gift tax and will be removed from your estate, with no limit on the number of donees. Take for example, Grandma and Grandpa (husband and wife) with 2 married children and 4 grandchildren. They can use annual exclusion gifts to reduce their Estate value by \$208,000 translating to an estate tax savings (using the current Federal 35% tax rate) of approximately \$73,000 per year! Annual exclusion gifts can be given yearly without ever eating into your lifetime exemption.

An important item to consider is that in order for the gift to be considered a 2011 gift, it must be considered “a completed gift”. A gift is generally considered “completed” when the donor no longer has control of the property and the donee (recipient) has accepted it (ie. check was deposited in recipient’s bank account).

Annual exclusion gifting is just the tip of the iceberg in estate tax planning. Current legislation has the gift tax exemption at \$5 million per donor (through 2012), which means substantial wealth can be transferred at one time without any gift tax consequences, via trusts or outright. Alternatively, if you are feeling philanthropic, there are potential income tax benefits to charitable giving by year-end.

Please contact your Wilkin & Guttenplan advisor for more information or to discuss any questions you may have.

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Wilkin & Guttenplan, P.C.

certified public accountants
and consultants

5 Penn Plaza, 19th Floor
New York, NY 10001
T 212.835.1584
F 212.849.6901

1200 Tices Lane
East Brunswick, NJ 08816
T 732.846.3000
F 732.846.0618

www.wgcpas.com