Are you Gifting Before December 31, 2026?

Done properly, gifting assets is an excellent way to reduce future estate taxes. It is also a way to shift and possibly reduce future income taxes. Although there are many benefits to gifting, there are also some potential reasons you may not want to make gifts:

- Consider that you don't give away so much that you have no sources of future income and/or assets.
- Perhaps there are personal, non-tax reasons for not gifting at this time.

Lifetime Estate Exemption Amounts

For the year 2026, the applicable exemption amount is $15 Million. For a married couple, the total applicable exemption amount would be $30 Million. The exemption amount will be indexed for inflation for years after 2026.

Annual Gift Tax Exclusion

The annual gift tax exclusion is adjusted to account for inflation each year and is currently $19,000 for 2026 (or $38,000 for married couples that split their gifts, i.e. share the combined exclusion). In addition to cash gifts, other gifts to consider for the annual exclusion include (but are not limited to):

- birthday, holiday, anniversary, graduation gifts
- education savings
- property transfers
- funds transferred into a trust where you are not the beneficiary (such as funds into a life insurance trust where your children are beneficiaries).

The following payments are NOT considered to be gifts:

- Medical or education payments paid directly to the institution for an individual.
- Any amount of charitable contributions.

When are Gift Tax Returns Required?

If you make gifts to any individual more than $19,000 (or $38,000 if married), a gift tax return will need to be filed. In most cases, the gift tax return filing will reduce your lifetime

estate exemption but if that exemption has been exhausted there could be a current gift tax liability.

If you have already made gifts in 2026 that are above the annual exclusion amount, please let us know so that we can prepare a gift tax return for you.

Contact Us if You Want to Consider Gifting

There are many ways to make gifts. Often, gifts are cash, occasion-based or simple property transfers. But there can also be gifts of fractional interests or split-interest gifts. If you are interested in giving gifts before the end of the year, we will be glad to explore this strategy with you. However, if we do not hear from you by December 18, 2026, we will assume that you will not be making any gifts.

Sincerely,

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