

## **2015 Estate and Gift Tax Rules**

**In general, estates of decedents passing in 2015 are exempt from federal estate tax if the net worth of the decedent is less than \$5,430,000.** If married, the exemption can double to \$10,860,000. Arizona has no estate tax, although assets owned in other states may be subject to the estate tax laws of those states.

One proven method of reducing estate taxes is to gift assets to your heirs during your lifetime. Gifts generally fall into one of two categories:

**Annual Gifts** – You can give up to **\$14,000 per person, per year**. These gifts can be given to anyone. A married couple can jointly gift \$28,000 to a single recipient. A married couple can effectively give \$56,000 to another married couple.

In addition, some gifts have special rules. Medical or educational expenses (paid for the benefit of another) are not counted against the \$14,000 annual gift limitation, if paid directly to the provider of the medical or educational services.

You could make \$14,000 gifts to a family member or friend, and additionally pay medical or educational expenses for that individual, provided the medical or educational expenses were paid directly to the provider.

**Lifetime Gifts** – Lifetime gifts **are gifts exceeding the \$14,000 annual exclusion**. For 2015, you can make lifetime gifts up to \$5,430,000 without paying gift tax. This exclusion is scheduled to increase annually based on inflation adjustments.

Gifting can also be beneficial for those with smaller estates, even though saving estate tax may not be the prime motivation. Gifting during lifetime can be the first step in developing an asset distribution plan and provide benefits to family members in a time of need.

Please call us if you have questions about your estate plan.