

## Chapter 21. Family Annual Exemption Gifting

Property gifted during your life to children and grandchildren is not subject to your Estate Tax. You and your spouse can each gift (tax free) up to \$14,000 to each child/grandchild each year (Annual Exemption Gifts). The gifted amount and the future appreciation on the gifted amount avoids Estate Taxes.

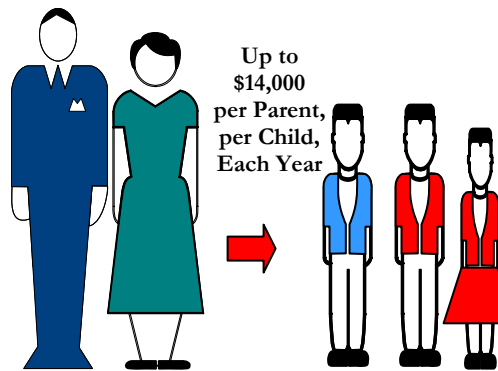
	<b>Don't Gift</b>	<b>Gift &amp; Use Exemption</b>
Stock Value Today	\$14,000	\$14,000
Stock Value in 10 Yrs (at Death)	23,000	23,000
Estate Taxes Saved per Gift	\$ -0-	\$ 9,200

Whether or not you should gift involves more than just tax considerations. The first question is whether you are comfortable with the amount you'll have left after gifting. The second question is whether you are comfortable with your children or grandchildren receiving financial gifts. The third question is choosing which assets to gift. If you own stock in a family corporation, that stock is often an ideal asset to gift (provided certain steps are taken to deal with voting and control over stock ownership). If you own marketable securities (stocks and bonds), one of the best ways to gift a portion of these is to place them into a Family Limited Partnership (or a Limited Liability Company) and then gift shares of that.

If you decide to begin a gifting program, we'll often recommend you sign a Gifting Power of Attorney so your program can be continued even if you become disabled.

### ANNUAL GIFTING PROGRAM

#### BENEFITS



Up to  
\$14,000  
per Parent,  
per Child,  
Each Year

→

- Tax Law Allows a \$14,000 Gift to Each child and Grandchild Each Year
- Each Gift Saves About \$5,600 in Future Estate Taxes
- Also Avoids Tax on the Growth in Value. For example, if the \$14,000 gifted property grows in value to \$23,000 at your death, you've saved about \$9,200 Estate Tax.
- Family Limited Partnership, LLC and Children's Trust are Popular Tools to Use to Make Gifts