Winter 2018/2019

Estate Planning Update Winter 2018/2019 - 2019 Inflation Adjustments

Each year, certain federal estate, gift and generation-skipping transfer (GST) tax figures are subject to inflation adjustments:

- For 2019, the annual exclusion amount for gifts remains at $15,000.
- The federal estate, gift and GST tax exemption amount for gifts made in 2019 and decedents dying in 2019 increases to $11,400,000 (from $11,180,000 in 2018). (For further information on changes to the exemption amount under last year's tax law, see our March 2018 *Update* article, "Estate Planning Under the New Tax Law.")
- The annual exclusion amount for gifts made to a noncitizen spouse in 2019 increases to $155,000 (from $152,000).

There are some changes to exemption amounts in our footprint states as well:

- The New York state estate tax exemption for decedents dying in 2019 increases to $5,740,000 (from $5,250,000).
- The Connecticut state gift and estate tax exemption for gifts made in 2019 and decedents dying in 2019 increases to $3,600,000 (from $2,600,000).
- The Massachusetts state estate tax exemption is unchanged at $1,000,000.
- New Jersey and Florida have no state estate tax.

Note also some changes to retirement plan contribution limits:

- The contribution limit for 401(k) and similar plans increases in 2019 to $19,000 (from $18,500). The limit for catch-up contributions to such plans for people over age 50 will remain $6,000.
- The limit on annual contributions to IRAs increases to $6,000 (from $5,500), with the IRA catch-up contribution limit remaining $1,000.
- For further information on retirement plan contribution limits, see our alert, "IRS Publishes 2019 Pension Plan Limitations."

A summary of individual income tax changes made under the 2017 tax law, effective for calendar year 2018 and relevant for the upcoming tax season, can be found in our March 2018 *Update* article, "Income Tax Changes Under the New Tax Law."