

December 21, 2017

Estate Planning Update December 2017 - The New Tax Law- Current Status

As we go to press, the new tax law has been passed by both the House and Senate and awaits the President's signature. Assuming it is signed, the bill will double the gift and estate tax exemption, effective for decedents dying in, and gifts made in, the years 2018 through 2025. The exemption will return to its current amount (adjusted for inflation) beginning in 2026. Under prior law, the exemption would have been \$5,600,000 next year (\$11,200,000 total for a married couple, assuming proper planning). Once the new law is enacted, the exemption will roughly double, to about \$11,200,000 for an individual or \$22,400,000 for a married couple, in 2018. (The method for making annual inflation adjustments will change as well, so the final figures may vary slightly.) The generation-skipping transfer (GST) tax exemption will also double.

The new law will create new planning opportunities for people who had previously used most or all of their federal gift or GST tax exemptions.

Of course, the new law will make extensive changes to our tax laws reaching well beyond estate and gift taxes. We are following it closely, and if you have questions at any point, please contact your Day Pitney estate planning attorney.