Winter 2019/2020

Estate Planning Update Winter 2019/2020 - 2020 Inflation Adjustments

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

- For 2020, the annual exclusion amount for gifts remains at $15,000.
- For 2020, the federal gift, estate and GST tax exemption amount increases to $11,580,000 (from $11,400,000 in 2019).
- For 2020, the annual exclusion amount for gifts made to a noncitizen spouse increases to $157,000 (from $155,000).

There are changes to exemptions in two of our footprint states as well:

- For 2020, the Connecticut gift and estate tax exemption increases to $5,100,000 (from $3,600,000)
- Further information on changes to the Connecticut exemption can be found in our Summer 2019 *Update* article, "Connecticut Increases Gift and Estate Tax Exemption Amounts."
- For 2020, the New York state estate tax exemption for decedents dying in 2020 increases to $5,850,000 (from $5,740,000).

Note also some changes to retirement plan contribution limits for 2020:

- The contribution limit for 401(k) and similar plans increases to $19,500 (from $19,000). The limit for catch-up contributions to such plans for people over age 50 increases to $6,500 (from $6,000).
- The limit on annual contributions to IRAs remains unchanged at $6,000, with the IRA catch-up contribution limit remaining $1,000.
- For further information on retirement plan contribution limits, see our alert, "IRS Publishes 2020 Pension Plan Limitations."