

Gifts – Better to Give or Receive?

"No mans property is safe while Congress is in session."

– Mark Twain

Here is a quick review of gifts. We get many questions on money that was gifted to someone else. A gift is any asset that you give or transfer to someone else.

- You can give gifts to anyone; parents, children, relatives, or friends. If you give a gift to anyone person over \$13,000, it must be reported to the IRS on Form 709. If you give a gift over \$13,000, it is a taxable gift and begins to use up your life-time gift tax exclusion of \$1,000,000. Spouses can gift unlimited amounts between each other. Unlimited gifts are also allowed for education and medical payments.
- A gift is not an income tax deduction, nor is it income to the recipient. The applicable tax is a transfer tax called Estate and Gift tax which is a liability of the grantor once the grantor gives more than his life-time gift exclusion away. The grantor, not the recipient, bears the gift tax liability.
- The smartest gifts are gifts of appreciable property. If you already own assets in excess of the life-time exclusion, you should keep highly appreciated assets out of your estate and gift them to others when the value is low. Gifts of assets in a Trust are also a little more complex, but have big benefits.



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