



MEMORANDUM

TO: OUR CLIENTS

FROM: LAMBZANKEL, LLP

DATE: January 27, 2025

RE: ESTATE PLANNING IN 2025

Our latest update in estate planning – keeping you informed!

The following are updated inflation adjusted amounts for the federal estate, gift, and generation-skipping transfer tax exemptions, and the New York State estate tax exemption, which became effective on January 1, 2025.

Federal Estate, Gift and Generation-Skipping Transfer Tax Exemptions

The federal estate, gift and generation-skipping transfer tax exemptions have been increased from \$13,610,000 to \$13,990,000 (\$27,980,000 for married couples). Thus, individuals may transfer up to \$13,990,000 during their lifetimes or upon death without the imposition of federal gift or estate tax. Individuals also may make generation-skipping transfers of up to \$13,990,000 without the imposition of tax. The federal estate, gift and generation-skipping transfer tax rate remains at 40%.

Planning Opportunity: The Tax Cuts and Jobs Act of 2017 (“TCJA”), provides that, as of January 1, 2026, the federal exemption amounts will revert to the exemption amounts that were in effect in 2017 (*i.e.*, \$5,490,000 as indexed for inflation). Therefore, you may wish to consider making lifetime gifts now, to take advantage of the current “large” exemption amounts before they sunset. Although President Trump will likely support the extension of some provisions of the TCJA, nothing is certain.

Annual Exclusion Gifts

For 2025, the amount that is annually exempted from federal gift taxes, also known as the “annual exclusion,” has increased from \$18,000 to \$19,000. For example, you may gift up to \$19,000 per year (\$38,000 per year for a married couple) to as many individuals as desired to reduce the value of your estate, without using up any portion of your applicable lifetime gift tax exemption or incurring any gift tax liability.

New York State Estate Taxes

The New York State estate tax exemption has been increased from \$6,940,000 to \$7,160,000.

Gift Opportunity Available to New York State Residents:

New York State does not impose a gift tax. Thus, you may reduce the value of your estate subject to New York State estate taxes by making unlimited gifts during your lifetime. The only caveat is that any gifts made within three years of your death will be “clawed” back into your estate for purposes of computing the New York State estate tax.

If you have any questions regarding your estate planning, please contact Jeffrey A. Zankel (jaz@lambzankel.com), Diane J. Moffet (djm@lambzankel.com), Gia Foster (gf@lambzankel.com) or one of our other attorneys at 631-694-2300.

THIS MEMORANDUM IS MEANT TO ASSIST IN GENERAL UNDERSTANDING OF THE CURRENT LAW. IT IS NOT TO BE REGARDED AS LEGAL ADVICE. THOSE WITH PARTICULAR QUESTIONS SHOULD SEEK THE ADVICE OF COUNSEL.