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■ ESTATE AND GIFT LAW CHANGES UNDER THE 2017 TAX CUTS AND JOBS ACT

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The new tax-reform legislation signed into law at the end of 2017 has significant estate-planning changes. The federal estate, gift, and generation-skipping tax exemption amount is now doubled to \$11.2 million per person. This exemption is portable between spouses.

The Tax Cuts and Jobs Act also increased the annual gift-exclusion amount from \$14,000 to \$15,000 as of Jan. 1, 2018. This exclusion allows individuals to gift up to \$15,000 annually to another individual without utilizing any gift-tax exemption amounts.

Residents of New York must keep in mind the New York State estate tax laws have not changed. The New York estate-tax exemption amount is \$5.25 million. If a New York taxable estate is more than 5 percent over the exemption amount, the exemption is lost as the tax will be on the entire amount of the estate (that is called the New York "cliff"). There is no portability of this exemption between spouses and the New York estate-tax rate goes up to a rate of 16 percent.

It is important that estate-planning documents be reviewed to confirm there are not provisions which are no longer wanted. For example, a person may not want to fund a credit shelter trust for the entire federal exemption amount (\$11.2 million) and leave nothing for outright distribution to beneficiaries or to a marital trust.

As when there are changes in personal situations, changes in estate-tax legislation present a good opportunity to review the appropriateness of estate-planning documents.

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