

Do Not Lose Out on the 2014 Gift Tax Exclusion

Time is running out for making 2014 tax-free gifts. You have only a few more months to use your annual gift tax exclusion for this year, or it is gone forever.

Each year you can make gifts up to a certain dollar limit to an unlimited number of people, free of any gift tax. For 2014 the dollar limit per recipient is \$14,000. These gifts do not reduce your lifetime exemption from gift and estate taxes.

Why would you want to make annual tax-free gifts? There are a number of possible reasons. Tax-free gifts are often used in estate planning as a way of steadily reducing the value of a taxable estate during the owner's lifetime. Another strategy is to transfer income-producing assets to children or other family members who are in a lower tax bracket. If done carefully to avoid the "kiddie tax," the result can be a lower overall tax bill for the family unit.

If you fail to use this year's exclusion, it is not carried over to future years. To qualify as a 2014 gift, the transaction must be completed by December 31, 2014. If you are writing a check as a 2014 gift, do so in time for the recipient to deposit it before year-end.

Check with us if you would like more information about making tax-free gifts in your situation.