

## ESTATE TAX ALERT

### January 2021

The federal estate tax exemption for 2021 is \$11.7 million per decedent. Without legislation, current law reduces it to \$5 million in 2026 (about \$6 million after expected inflation adjustments). Married couples can generally combine their exemptions. Legislation should be anticipated this year or next since revenue may be needed to cover COVID-19 costs. Please monitor the financial press for tax news and keep your balance sheet up to date.

#### RECOMMENDED ACTIONS:

- **Married clients with a combined net worth between \$10 and \$15 million / unmarried clients with a net worth between \$5 and \$7.5 million:** Work on annual gifting plans to fully utilize your ability to give \$15,000 to each of your beneficiaries every year.
- **Married clients with a combined net worth between \$15 and \$30 million / unmarried clients with a net worth between \$7.5 and \$15 million:** Married clients should consider using one spouse's entire \$11.7 million exemption before the end of 2021. If you're unmarried, consider gifting away more than \$5-6 million, up to your full \$11.7 million exemption.
- **Married clients with a combined net worth over \$30 million / unmarried clients with a net worth over \$15 million:** Married clients should consider gifting away both exemptions of \$23.4 million before the end of 2021. Or if you're unmarried, your entire \$11.7 million exemption.



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