

# ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



## Singer Wealth

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## Transfer Taxes

Whenever you make a gift of cash, stock, or property to someone other than your US citizen spouse either during your life or upon your death you will owe transfer taxes to the United States Treasury. However, there are some exceptions to this rule. You can give anyone up to \$17,000 per year without owing (gift) transfer taxes. If your gift exceeds that amount, you must file gift tax return or an estate tax return if the gift is made at your death. Currently US citizens can transfer via gift or at death \$12.92 million free of transfer taxes.

However, that amount is going down to approximately \$6.2 million after 2025. Anyone who has an estate above \$6.2 million including the proceeds of any life insurance policies owned by the estate, may want to strategize about how to minimize transfer taxes. If your estate is large enough where you can comfortably transfer more than \$12 million to an irrevocable trust for your heirs, you can

take advantage of the higher gift amounts now before they are cut in half.

For those who are concerned that giving away too much of their estate could impede their lifestyle, there are strategies available that can provide access to the income from the irrevocable trust if income is needed. Prior to 2013, when someone died any unused exemption was forfeited.

For example, if a married person left everything to their surviving spouse instead of a trust for their heirs, the surviving spouse would be only able to shelter subsequent gifts and transfers based on their own exemption amount. However, in 2013 unused gift and estate tax exemptions became portable to the surviving spouse.

Therefore after 2026, married couples will be able to transfer up to a combined \$12.4 million to their children estate tax free. However, if the surviving spouse wants to preserve their spouse's unused estate tax exemption, a final estate tax return must be filed within five years of death otherwise it will be forfeited.