2021 Estate and Gift Tax Highlights

- **Estate and Gift Tax Exemption.** An individual can give up to $11,700,000 during life or at death without any estate or gift tax consequences. A married couple can give up to $23,400,000 with proper planning. This unified estate and gift tax exemption will be adjusted annually for inflation through 2025. On January 1, 2026, the exemption is scheduled to revert to 2017 levels ($5,490,000 per individual and $10,980,000 per married couple), as adjusted for inflation.

- **Unlimited Marital Deduction.** An individual can make gifts to a spouse during life or at death without any estate or gift tax consequences due to the unlimited marital deduction. Marital gifts do not require an individual to use a portion of his or her unified estate and gift tax exemption.

- **Portability of Estate and Gift Tax Exemption.** Portability allows a surviving spouse to use a deceased spouse's unused unified estate and gift tax exemption amount. In order to utilize portability, the surviving spouse must file an estate tax return (Form 706) for the deceased spouse even if no estate tax is due.

- **Generation-Skipping Transfer Tax Exemption.** An individual can give up to $11,700,000 through generation-skipping trusts or direct lifetime gifts without any generation-skipping transfer tax consequences. A married couple can give up to $23,400,000 with proper planning. The generation-skipping transfer tax exemption will be adjusted annually for inflation through 2025. As with the estate and gift tax exemption, this exemption is scheduled to revert to 2017 levels on January 1, 2026, as adjusted for inflation. Portability does not apply to the generation-skipping transfer tax exemption.

- **Tax Rates.** The estate, gift, and generation-skipping transfer tax rate is 40%.

- **Cost Basis.** Cost basis is the value an individual paid for an asset. Simply stated, basis equals cost. When an asset is acquired through a lifetime gift, the cost basis remains unchanged. However, when an asset is inherited, the cost basis typically becomes the fair market value of the property on the decedent's date of death. This is known as a step-up (or step-down) in cost basis.

- **Annual Exclusion Gifts.** An individual can make annual exclusion gifts valued at up to $15,000 per recipient without any estate or gift tax consequences. A married couple can make annual exclusion gifts valued at up to $30,000 per recipient. Annual exclusion gifts can be given outright or they can be made to a trust, custodial account, or 529 plan. The annual exclusion gift threshold will be adjusted annually for inflation. In addition to annual exclusion gifts, gifts of any dollar amount can be made directly to accredited educational facilities and/or medical facilities on behalf of another individual without any estate or gift tax consequences.

- **Deductibility of State Death Taxes.** State death taxes are deductible under Section 2058 of the Internal Revenue Code.

One Financial Plaza | 501 North Broadway | St. Louis, Missouri 63102
Stifel, Nicolaus & Company, Incorporated | Member SIPC & NYSE | www.stifel.com

STIFEL

1220.3381831.1