



Increase in the Gift Tax Exclusion & Estate Tax Exemptions for 2009

March 2009

As of the 1st of January, you can now gift up to \$13,000 a year per recipient to as many individuals as you wish without having to pay a gift tax or file a gift tax return. If you choose to split the gift with your spouse, this amount is \$26,000 a year per recipient. The federal estate tax exemption has also increased from \$2,000,000 to \$3,500,000. Here are a few other important transfer tax exclusions and exemptions to consider:

	2008	2009
Gift tax annual exclusion	\$12,000	\$13,000
Gift tax exemption	\$1,000,000	\$1,000,000
Federal estate tax exemption	\$2,000,000	\$3,500,000
Generation skipping transfer tax exemption	\$2,000,000	\$3,500,000
Non-citizen spouse gift tax annual exclusion	\$128,000	\$133,000
Massachusetts estate tax filing threshold	\$1,000,000	\$1,000,000

As always, we encourage you to review your estate plan every couple of years to ensure that your goals for sharing your legacy with your spouse and/or the next generation are met. Given the significant increase in the Estate Tax Exemption over the last few years—from \$1,000,000 in 2005, \$2,000,000 in 2006-2008, and now \$3,500,000 in 2009- you should consider having your estate plan reviewed as soon as possible to avoid any unintended consequences resulting from this rise in the estate tax exemption. For example, if your spouse is not a beneficiary of your family trust, your existing plan may not adequately provide for your spouse's support and lifestyle should something happen to you. If you would like us to review your plan, please contact us at your earliest convenience.