

# Estate Tax: Last Chance to Give Away \$5 Million Tax Free?

**By Matthew Crider, JD  
Family Wealth Protection Attorney**

Wealthy Americans may soon lose their chance to give their heirs as much as \$5.12 million tax free as this huge estate tax break is set to expire at the end of this year. The law currently allows tax free gifts of up to that amount, plus a relatively low 35 percent tax on amounts given over that figure.

This massive tax break was agreed upon by Congress and President Obama at the end of 2010, [according to an article in the \*New York Times\*](#). (The initial tax free number was \$5 million, but has increased this year due to inflation.) This is in addition to the \$13,000 annual exclusion gift.

If you want to take advantage of this opportunity, you better move fast because tax experts say it can take up to three months to complete all the paperwork that is necessary to set up such a gift.

Of course, there is a chance the \$5.12 million exemption could be extended for another year or more, but nobody knows for sure what Congress will do. Right now, it is set to be reduced to just \$1 million after this year ends.

Many tax planners and estate planning attorneys had expected a rush by wealthy older Americans to start the giving process already so their heirs could inherit the maximum currently allowed to be given tax free. But this has not happened. It appears many rich older Americans have been hesitant to give away the full amount, fearing they may run out of money in their lifetimes. Some are giving away less than the full amount for just that reason. Once the gift is made, it cannot be taken back.

There are many ways to make such gifts. Writing a check is the easiest. Property can also be gifted. Or the money could be put into a trust.

If this is something you are considering, it is a good idea to talk to an estate planning attorney as soon as possible.

Many people wait until they have children – or even later in life – to have an estate plan, but that can be a mistake. Simple estate planning should be a rite of passage for every 18-year-old, and evolve with wealth and relationships.

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## About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

