

A Farewell to the Current Gift and Estate Tax Exemption?

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We recently wrote about a window of opportunity to take advantage of the rising estate and gift tax exemption before it sets.

It is becoming clearer that the window may be shutting fast. The opportunity to take advantage of the current gift exemption may be now as it appears that we soon may be

saying farewell to it.

After passing the American Rescue Plan Act to address the ongoing COVID-19 pandemic, Congress appears to have turned its attention to comprehensive changes to current tax law. For example, Senator Bernie Sanders proposed on March 25, 2021, legislation that, among other things, would

- 1. Reduce the amount exempt from the tax that an individual can give during life or leave after death to their children from \$11.7 million to \$3.5 million, and**
- 2. Make estate tax rates progressive, ranging from 45% to 65% depending on the total value of the estate.**

The proposed effective date is January 1, 2022. Though it remains to be seen whether Senator Sanders' proposed legislation becomes law, the significant risk of negative change to the estate tax law appears even greater. The window of opportunity to use the current exemption could be as tight as now until December 31, 2021.

There are a number of ways through thoughtful gift planning to use the current exemption amount or a portion of it. With a strong push by some in Congress to drastically reduce the current exemption amount, the time to consult with an estate planning attorney is now to determine whether use of it while available is helpful to your family and you. Otherwise, you may be saying farewell to a great opportunity to save estate tax.

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