

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for this app or website at this time. There might be too much traffic or a configuration error. Try again later, or contact the app or website owner. If you provide content to customers through CloudFront, you can find steps to troubleshoot and help prevent this error by reviewing the CloudFront documentation.

Generated by cloudfront (CloudFront)

Money / Financial Planning

I'm a Financial Advisor: What Boomers Need To Know About Estate Planning

5 MIN READ

January 15, 2024 | By Sean Bryant



Goodboy Picture Company / Getty Images

As baby boomers begin to retire and transition into the next phase of their lives, many are realizing the importance of [estate planning](#) and being able to minimize inheritance taxes.

Because they are now on the giving end of the great wealth transfer, it has become essential for boomers to know how to manage their assets and protect their legacies efficiently.

Keep reading to find out how taxes can impact [estate planning](#) and discover ways to minimize them.

How Taxes Impact Estate Planning

A few types of federal and state taxes come into play with estate planning. Federal estate taxes can reach up to 40%, so it is important to understand how taxes will impact your assets and your heirs.

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

An estate tax is a tax on the transfer of your taxable assets, which includes things such as cash, securities and other property. Estate tax only kicks in if the value of your taxable estate exceeds the federal exemption limit, which is \$13.61 million for the 2024 tax year. Assets inherited by your spouse, if a U.S. citizen, are not subject to estate tax.

A gift tax is levied when transferring money or property to another person while receiving nothing or less than full value in return. The gift tax rate ranges from 18% to 40% and the gift-giver generally pays the tax. If your lifetime gifts, including your estate, exceed the federal exemption amount, — \$18,000 for 2024 — you could be subject to a gift tax.

Investing for Everyone

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

States also have their own estate and gift taxes. Some states have an inheritance tax paid by the beneficiary who inherited assets upon someone's death. While an inheritance isn't considered income for federal taxes, it may be considered taxable income by some states, and state inheritance tax rates can range from 1% to 18%.

Tips for Minimizing Your Inheritance Taxes

Your heirs will likely face large inheritance taxes if you have a large estate. Fortunately, there are ways to minimize your estate tax burden.

Related Articles

1. [5 Low-Stress Jobs That Pay \\$80K or More a Year](#)
2. [6 Items Rich People Always Pay Top Dollar For](#)
3. [11 Tips for Finding a Job on Craigslist](#)
4. [6 Financial Mistakes You Can't Afford To Make on an Average Salary](#)
5. [Net Worth Floridians: How Much to Be Poor, Middle-Class, or Rich in Florida](#)

Give During Your Lifetime

Gifting assets during your lifetime can reduce the overall value of your taxable estate. Instead of leaving your heirs with 100% of your assets after your death, you could gift them while still alive.

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

There is an annual exclusion amount for gifts you can give before triggering gift taxes. In 2024, the exclusion will be \$18,000 per recipient per year, which is an increase from \$17,000 in 2023. For a married couple, it would be \$36,000.

"Consider gifting assets that are expected to appreciate in value, as this will move any future appreciation out of the taxable estate," said Achim Neumann, the founder of [A Neumann & Associates](#).

Neumann explained, "Payments for medical expenses and tuition fees do not count against the annual exclusion if paid directly to the institution."

So, you can pay for an heir's medical bills or tuition without being subject to taxes as long as the payments are made directly to the school or medical facility.

Investing for Everyone

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

Another option is to give to charity or a 501(c)3 organization.

Establish Irrevocable Trusts

An irrevocable trust is one that the creator can't change or revoke after the assets are in the trust. Irrevocable trusts can minimize future estate taxes and help avoid the probate process upon death.

There are several types of irrevocable trusts that work in slightly different ways.

Grantor retained annuity trusts and spousal lifetime access trusts allow you to move highly appreciated assets out of your estate.

Intentionally defective grantor trusts allow the grantor or owner of the trust to pay for any income tax owed on assets housed within the trust.

Irrevocable life insurance trusts can own a life insurance policy so that your heirs can use policy proceeds for estate taxes.

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

Once irrevocable trusts are executed, making changes to that trust is very difficult, so be certain about this strategy before going this route.

As Neumann explained, "Irrevocable trusts can be particularly beneficial for tax purposes. Once the grantor places assets into an irrevocable trust, they are no longer considered part of the estate, thus not subject to estate taxes."

Utilize the Spousal Exemption

Assets inherited by your spouse, if a U.S. citizen, are not subject to federal estate taxes. Gifts to your spouse, if they are U.S. citizens, are also excluded from the gift tax.

Consult Professionals

Everyone's financial circumstances are a little different, and estate planning is complex, especially when trying to minimize tax liability. Working with an estate planning professional can help you further optimize your transfer of wealth and minimize taxes.

Investing for Everyone

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server for

The Bottom Line

If you are passing your assets onto an heir, you likely want as much of that to actually go to your heir instead of to the IRS. Understanding estate planning and inheritance taxes is the first step toward establishing a better financial future for your heirs.

- [I Live On Social Security Only: Here's How I Get By](#)
- [5 Used Cars You Shouldn't Buy](#)
- [Check Your Finances: You Might Be Making One of These Extremely Common Mistakes](#)
- [6 Signs You're More Financially Savvy Than the Average American](#)

Share This Article:



Investing for Everyone

403 ERROR

The request could not be satisfied.

The Amazon CloudFront distribution is configured to block access from your country. We can't connect to the server


Learn More About Financial Planning

- [What Is a Financial Planner?](#)
- [What Is Wealth Management?](#)
- [What Is Investment Management?](#)
- [How To Choose a Financial Advisor?](#)
- [How Much Does a Financial Advisor Cost?](#)

Comparing Different Financial Planners

- [Financial Consultant vs Financial Advisor](#)

Related Content




Money

100 Things That Have Gone Up in Price Way Too Much

January 29, 2024
5 min Read

[Read more](#)




Money

I'm a Financial Advisor: These Are the 6 Worst Money Mistakes I See People Make

January 29, 2024
5 min Read

[Read more](#)




Wealth

Gold Coins and Bars: 5 Strategies To Get the Best Possible Price on Your Investment

January 29, 2024
5 min Read

[Read more](#)



Money

Most Americans Said They Didn't Feel Financially Independent Until This Age

January 29, 2024
5 min Read

[Read more](#)



If you have a mouse, play this game for 1 minute and see why



San Jose: Unsold Container Houses On Sale For Almost Nothing

everyone is addicted.
No Installation. Play for free.
shipping

SEE OPTIONS

The best shipping container homes offers - search prices

Shipping Container Homes | Sponsored

Search Now

GET STARTED

GET STARTED



Date Your Age

Dating has changed. Find someone who gets you.

GET STARTED



Less Stress. Better Food.

Get meals prepared by award-winning chefs delivered to your home weekly.

LEARN MORE



Play for Free

Play Bingo on your phone for the chance to win real cash.

GET STARTED



If you have a mouse, play this game for 1 minute and see why everyone is addicted.

No Installation. Play for free.

Combat Siege | Sponsored



Taboola Feed

San Jose: Unsold Container Homes On Sale For Almost Nothing

The best shipping container homes offers - search prices

Shipping Container Homes | Sponsored

Search Now



If you own a mouse, you will never turn off your computer again.

No Install. Play for free.

Combat Siege | Sponsored

Play Now



This house is only 27 sq. ft. but when you see the inside you'll want it!

Tips and Tricks | Sponsored



The 30 Richest Celebrity Couples In The World 2023

Net Worth | Sponsored



Couple Made a Bet, See How They Look After A Year

House Juggler | Sponsored



Things Just Aren't The Same Between William And Kate And Now We Know Why

Daily Sport X | Sponsored

