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Tax Alert
Three Strategies for Tax-Smart Giving
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Giving away assets during your life will help reduce the size of your taxable estate, which is beneficial if you have a large estate that could be subject to estate taxes. For 2016, the lifetime gift and estate tax exemption is $5.45 million (twice that for married couples with proper estate planning strategies in place).

Even if your estate tax isn't large enough for estate taxes to be a concern, there are income tax consequences to consider. Plus it's possible the estate tax exemption could be reduced or your wealth could increase significantly in the future, and estate taxes could become a concern.

That's why, no matter your current net worth, it's important to choose gifts wisely. Consider both estate and income tax consequences and the economic aspects of any gifts you'd like to make.

Here are three strategies for tax-smart giving:

1. **To minimize *estate tax*, gift property with the greatest future appreciation potential.** You'll remove that future appreciation from your taxable estate.

2. **To minimize your *beneficiary's income tax*, gift property that hasn't appreciated significantly while you've owned it.** The beneficiary can sell the property at a minimal income tax cost.

3. **To minimize *your own income tax*, don't gift property that's declined in value. Instead, consider selling the property so you can take the tax loss.** You can then gift the sale proceeds.

For more ideas on tax-smart giving strategies, please contact us.