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# 2024 Update – Federal Exemption and Exclusion Amounts

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Beginning January 1, 2024, the IRS has increased the federal estate tax exemption to $13.61 million per person and $27.22 million for married couples. This increase also applies to the lifetime gifting exemption and means that individuals can transfer up to $13.61 million tax-free during their lifetime or at death. Married couples can double the exemption amount through portability and gift-splitting. As a result of the increased exemption amount, individuals who have previously used all of their lifetime gifting exemption now have an additional $690,000 that they may use to make gifts in 2024.

Additionally, the 2024 annual gift tax exclusion amount has increased from $17,000 to $18,000 per donee in 2024. The increased exclusion also means that a married couple may gift up to $36,000 in gifts to individuals this year.

Although the exemption amounts have increased for 2024, it is important to note that the 2017 Tax Cuts and Jobs Act, the federal legislation that increased these estate and gifting exemptions, is set to end on December 31, 2025. Unless Congress acts in the interim, the federal exemption amounts will revert to $5 million per individual (adjusted for inflation) on January 1, 2026. As a result, it is best to consider gifting now while the exemption amounts are higher and perhaps earlier in the year before the 2024 election in the event of further congressional action. An experienced planning attorney can advise you on estate and gift tax avoidance strategies that may be of benefit to you and/or your family.