

Private Client Services

# 2024 Lifetime Gift and Estate Tax Exemption Update

## The Bottom Line

- The federal lifetime gift and estate tax exemption amount will increase to \$13.61 million per person and \$27.22 million per married couple next year.
- The annual federal gift tax exclusion amount will also increase to \$18,000 per person in 2024 (or \$36,000 for married couples who split gifts).
- Individuals or couples considering making financial gifts should consult with a Private Client Services attorney to discuss options and related estate planning considerations.

The 2024 annual inflation adjustments were announced by the IRS on November 9, 2023. The adjustments include increases to the federal gift and estate tax exemption amounts and increases to annual exclusion gifts.

## 2024 Federal Exemption and Exclusion Amounts

Starting January 1, 2024, the federal lifetime gift and estate tax exemption amount will increase to \$13.61 million per person. This increased exemption amount means that individuals can transfer up to \$13.61 million tax-free during their lives or at death, and married couples can transfer up to \$27.22 million. It also means that, even if you have already gifted away your full exemption amount of \$12.92 million in 2023, you have up an additional \$690,000 to give away in 2024 (or an additional \$1.38 million for married couples).

The annual gift tax exclusion amount will also increase from \$17,000 per person in 2023 to \$18,000 per person in 2024 (or \$36,000 for married couples choosing to split gifts).

It is important to note that the increased federal gift and estate tax exemption amounts are set to expire on December 31, 2025, under the 2017 Tax Cuts and Jobs Act. Unless there are legislative changes, the exemptions will revert to \$5 million per person, adjusted for inflation, starting January 1, 2026. Depending on the 2024 election outcomes, there could be additional changes to the federal lifetime gift and tax exemption amounts. In the meantime, it is wise to consider

gifting now while the exemption amounts are higher, and gifting earlier in the year.

### Connecticut

The Connecticut gift and estate tax exemption amount for 2024 is also \$13.61 million per person, as Connecticut now matches the federal exemption amounts. This also means that the Connecticut exemption will revert to \$5 million per person, adjusted for inflation, on January 1, 2026.

### New York

New York uses a different inflation calculation to determine its estate tax exemption. The 2024 number has yet to be announced. However, the current exemption amount, \$6.58 million per person, is anticipated to increase for inflation. New York does not have any inheritance taxes or gift taxes, but it does have a three-year clawback period for gifts, meaning that any taxable gifts made within three years of a New York resident's death will be retroactively included in the decedent's estate for the calculation of estate taxes.

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## For More Information

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