

WAKEMAN LAW GROUP, INC.

Estate, Trust & Tax Attorneys

4500 E. Thousand Oaks Boulevard, Suite 101
Westlake Village, California 91362
(800) 366-1186 · (805) 379-1186 · (818) 889-1296
Fax (805) 379-4975
www.wakemanlaw.com

ESTATE TAX UPDATE FOR 2022

1. Effective January 1, 2022, the estate tax exemption is increased to \$12,060,000. This means a married couple can leave \$24,120,000 estate tax free to their children and/or grandchildren.
2. The law makes an equivalent increase in the gift tax and generation skipping tax exemptions. Therefore, effective January 1, 2022, an individual could gift up to \$12,060,000 tax free to his or her children and grandchildren. A married couple could gift up to \$24,120,000 tax free.
3. The increased exemptions expire December 31, 2025.
4. The law retains the concept of “portability” of one spouse’s exemption to the surviving spouse’s estate.
5. The law makes no change to the rules governing a “stepped up” cost basis. Therefore, when an individual dies, all assets of the individual’s estate will receive a new cost basis so that assets can be sold post-death without any capital gains tax.
6. Effective January 1, 2022, the annual gift tax exemption is \$16,000 per year per person. Therefore, a married couple can gift \$32,000 per year per person without utilizing any of their lifetime gift tax exemptions set forth above.

As with most significant tax law changes, it may be advisable to review your estate plan in light of the above changes. If you would like to do so, please feel free to contact my office for a consultation for which there is no cost or obligation.