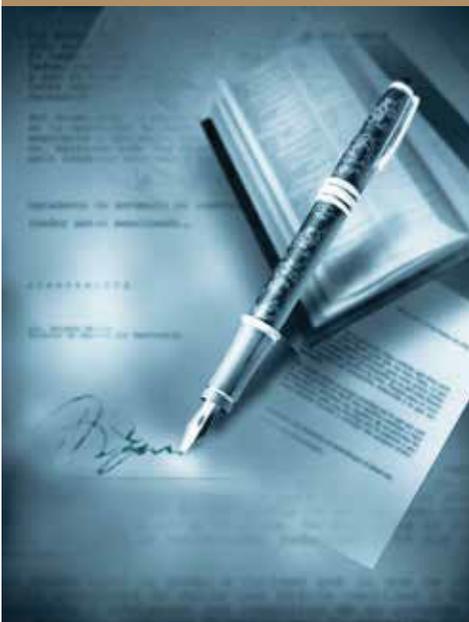




Chicago Estate Planning Council
330 N. Wabash Avenue, Suite 2000
Chicago, IL 60611
Tel: 312.673.4707 - cepec@smithbucklin.com



What is the federal gift tax?



The federal gift tax is tax on the lifetime transfer of wealth. The gift tax is imposed each calendar year on the fair market value of property transferred by any individual to a donee. The tax applies to direct and indirect transfers of real and personal property, both tangible and intangible. The fair market value of the transfer is determined as of the date of the gift. Certain gifts to spouses qualify for a marital deduction from gift tax. Certain gifts to charity qualify for a charitable deduction from gift tax. The amount of gifts remaining after applying any marital and charitable deductions, and after applying the annual exclusions discussed in the following FAQ, are “taxable gifts.” Each individual has a lifetime exclusion that is applied against lifetime taxable gifts. In 2013 the lifetime exclusion is \$5,250,000. After an individual’s lifetime exclusion has been exhausted by total lifetime taxable gifts, gift tax is imposed. The gift tax rate is 40%. The donor is responsible for filing a federal gift tax return and paying any federal gift tax. The return must be filed and the gift tax paid by April 15 of the year following the year when the gift was made.

FAQ'S DISCLAIMER

The CEPC, as a public service, provides educational materials on estate planning topics. Nothing in these materials is to be considered tax, legal, investment or other professional advice. The information is merely provided for educational purposes and no action should be taken without consulting your own tax, estate, legal, financial, investment, insurance and other advisors. The CEPC is not engaged in the business of providing professional services and expressly disclaims any and all warranties in connection with providing these educational materials. By using these materials, you agree to release and hold harmless the CEPC, and any of their officers, employees, and the members of the CEPC Public Outreach Committee from any liability, losses, damages, claims, causes of action, interest, expenses, costs and attorney’s fees arising out of or related to the use of these materials.