

Annual Gift Tax Exclusion

Concept Applied:

The annual gift tax exclusion shields gifts, up to the exclusion amount, from the federal gift tax. These gifts reduce the size of the donor's estate without incurring transfer taxes.

How It Works:

The gift must be complete, voluntary, and of a present interest (not a future interest or conditional gift).

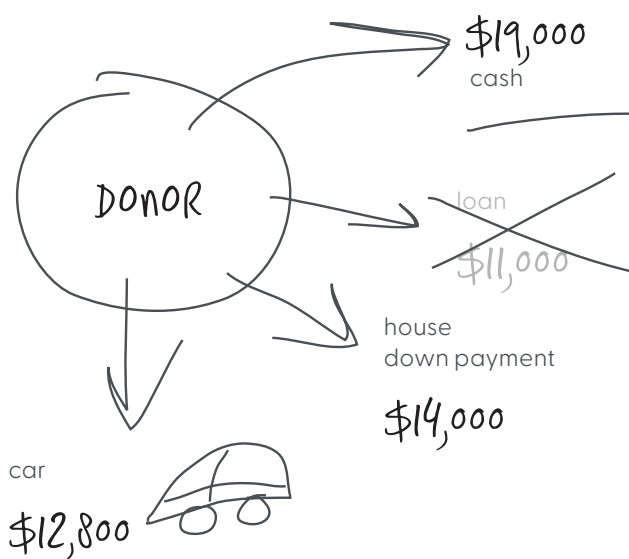
A married couple can double their exclusion amount by each making a gift up to the annual limit to the same donee or by "splitting" a gift. Gift splitting occurs when only one spouse owns the gifted property and the other spouse agrees in writing to use their own exclusion amount for half the gift.

Why Is It Useful?

Lifetime giving reduces the taxable estate by transferring wealth tax free. It also provides donors with the opportunity to enjoy helping family members by paying off an adult child's loan, contributing to a down payment on a house, purchasing a car for a relative, and so forth.

50 Words or Less

Every year, individuals can give gifts equal to the exclusion amount (\$19,000 in 2025) to as many people as they choose without paying gift tax. A yearly gifting program can provide a systematic and progressive transfer of wealth.



All the gifts made by the donor in this example are covered by the annual gift tax exclusion.

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific tax issues with a qualified tax or legal advisor.

Copyright © 2025, PGI Partners, Inc., 921 East 86th Street, Suite 100, Indianapolis, Indiana 46240. All rights reserved.

This material was prepared by PGI Partners, Inc. on behalf of LPL Financial, LLC.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL Financial affiliate, please note LPL Financial makes no representation with respect to such entity.

Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed	Not Bank/Credit Union Deposits or Obligations	May Lose Value
---	----------------------------------	---	----------------