

NEWS ALERT
TRUSTS & ESTATES



Inflation Adjustments: A Safe Conversation for the Thanksgiving Table

By Shera G. Golder | November 20, 2018

It's that time of year again when people's thoughts turn to . . .inflation adjustments! The Internal Revenue Service (IRS) recently announced the annual inflation adjustments for more than 60 tax provisions for the year 2019, including key estate, gift, and generation-skipping transfer tax ("GST") exclusion amounts. To assist you in your planning, we are happy to report these federal adjustments as well as to report the adjustments that will be made in 2019 in Connecticut, Massachusetts and New York.

Federal Law

For calendar year 2019, the federal applicable exclusion amount will increase from \$11.18 million to \$11.4 million. This change increases (i) the applicable exclusion amount available at death, (ii) each person's lifetime gift applicable exclusion amount, and (iii) each person's GST applicable exclusion amount. This means that in 2019, a married couple with proper planning will be able to transfer a combined total of \$22.8 million free of estate, gift and GST tax to their beneficiaries.

The federal estate, gift and GST rates remain at 40%, and the per-donee gift tax annual exclusion will also remain at \$15,000.

The federal gift tax annual exclusion amount for gifts to a non-citizen spouse will increase to \$155,000 in 2019. Please note that gifts between spouses remain unlimited if the recipient spouse is a United States citizen.

Connecticut

In 2019, the Connecticut estate and gift tax exemption will increase from \$2.6 million to \$3.6 million. The Connecticut estate tax rates will range from 7.8% to 12%, as illustrated in the following table:

Value of Taxable Estate or Gift	Marginal Rates				
	PA 18-81, Sections 66-68, effective May 15, 2018				
	2019	2020	2021	2022	2023
Up to \$3,600,000	None	None	None	None	None
\$3,600,001 to \$4,100,000	7.8%				
\$4,100,001 to \$5,100,000	8.4%				
\$5,100,001 to \$6,100,000	10.0%	10.0%			
\$6,100,001 to \$7,100,000	10.4%	10.4%			
\$7,100,001 to \$8,100,000	10.8%	10.8%	10.8%		
\$8,100,001 to \$9,100,000	11.2%	11.2%	11.2%		
\$9,100,001 to \$10,100,000	11.6%	11.6%	11.6%	11.6%	
Over \$10,100,000	12.0%	12.0%	12.0%	12.0%	
Federal Basic Exclusion	12.0%	12.0%	12.0%	12.0%	
Over Federal Basic Exclusion	12.0%	12.0%	12.0%	12.0%	12.0%

Massachusetts

The Massachusetts estate tax exemption is and will remain at \$1 million in 2019. The Massachusetts estate tax rates range from 5.6% to 16%. Massachusetts has no gift tax, although taxable gifts are included in the estate tax calculation and therefore may affect the estate tax that is imposed.

New York

The New York estate tax basic exclusion amount for a person dying during calendar year 2019 will increase from \$5.25 million to \$5.74 million. Also, for any decedent who dies after December 31, 2018, the amounts of any gifts, whenever given, will no longer be included in the calculation of that person's New York gross estate.

Please contact your Murtha Cullina estate planning attorney to discuss the impact of these developments on your estate plan in more detail.



Richard A. Marone, Chair
860.240.6026
rmarone@murthalaw.com

Marcel J. Bernier
860.240.6087
mbernier@murthalaw.com

Alfred R. Casella
860.240.6048
acasella@murthalaw.com

Patrick D. Coughlin
203.653.5409
pcoughlin@murthalaw.com

George A. Dagon, Jr.
860.240.6039
gdagon@murthalaw.com

Christopher S. Fox
617.457.4082
cfox@murthalaw.com

Shera G. Golder
860.240.6188
sgolder@murthalaw.com

Robert A. Heinimann, Jr.
203.772.7781
rheinimann@murthalaw.com

Natale A. Messina
860.240.6027
nmessina@murthalaw.com

Lisa Newfield
203.772.7768
lnewfield@murthalaw.com

Lisa P. Staron
860.240.6175
lstaron@murthalaw.com

Suzanne Brown Walsh
860.240.6041
swalsh@murthalaw.com

Donna M. White
617.457.4133
dwhite@murthalaw.com

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