Unique Gift Ideas that Benefit You Too

You may associate the month of December with giving holiday gifts, but it is also a great time for you to think about the valuable estate planning opportunity presented by year-end gift giving. In making lifetime gifts, you can experience the pleasure of providing immediate benefits to your loved ones while shaping your legacy, for example, by funding a loved one's education or starting a family tradition of charitable giving. There are several advantageous ways for you to make year-end gifts.

1. Direct payment of medical expenses. You can make an unlimited number of tax-free gifts by paying your loved ones' medical expenses. These gifts should be made directly to the medical providers rather than to your family members or friends. In addition, it is important to verify that the payments are for expenses that would qualify as deductible itemized medical expenses on the tax return of the individual receiving the healthcare.

2. Direct payment of tuition. Similar to paying medical expenses, you can also pay for your loved ones' tuition. There is no limit on the amount of tax-free gifts or restrictions on who can benefit from them, but payments must be made directly to the educational institution, not to the parents or students themselves. The payments must fall within the Internal Revenue Code's definition of "tuition," which is not limited to college or graduate school tuition, but also includes private school tuition for younger students. It does not include payments for living expenses, books, or other fees, however.

3. Charitable gifts on behalf of or in honor of a loved one. If you are charitably inclined or want to honor a loved one by donating to their favorite charity, a year-end contribution to a qualified organization will also enable you to claim a charitable deduction. You must keep records of any contribution, and you may need to obtain written acknowledgment from the charity to deduct a contribution of cash or property. There are additional requirements for larger gifts of property. You can claim charitable deductions during your lifetime or your estate can claim it when you pass away, depending upon the strategy you use. We can help you determine the best strategy for your unique circumstances.

Your Best Gift

The best gift you can provide for your loved ones is to have all of your affairs in order. Please contact us if we can help you create or update a comprehensive estate plan that will help provide for your loved ones through thoughtful lifetime gifts and after you pass away.