

2020 Federal Transfer Tax Exemptions and Rates

Federal Estate Tax

Applies if the net value of your estate (assets minus debts) is more than the exemption in effect at the time you die. Some states have their own estate/inheritance tax, often at a lower threshold, so you could be exempt from the Federal estate tax and still have to pay a state tax.

2020 Individual Exemption: \$11.58 million

Tax Rate on Assets Over Exempt Amount: 40%

Annual Exclusion (Tax-Free Gifts)

Amount you can give tax-free to as many individuals as you wish during 2020

\$15,000

Generation Skipping Transfer Tax

Applies to assets you leave that “skip” a generation, such as directly to your grandchildren—bypassing their parents—and to individuals more than 37 1/2 years younger than you. This tax is in addition to the Federal estate tax.

2020 Individual Exemption: \$11.58 million

Tax Rate on Transfer Over Exempt Amount: 40%