Taximpact

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YOUR GUIDE TO YEAR-END TAX PLANNING

One of our primary roles as a holistic financial adviser is to help our clients recognize tax reduction opportunities within their investment portfolios and overall financial planning strategies. Staying current on the ever-changing tax environment is a key component necessary to help our clients benefit from potential tax reduction strategies.

Last December, President Trump signed into law the Tax Cuts and Jobs Act (TCJA). The Act is complex and impacts numerous tax specializations, including individual, corporate, and international planning. This report focuses on what individual taxpayers can do to save money in 2018. Unless indicated otherwise, the Act provisions discussed here take effect in 2018 and expire after 2025.

The objective of this report is to share strategies that could be effective if considered and implemented before year-end.

HUGHES FINANCIAL SERVICES, LLC

Hughes Financial Services, LLC, is an independent Registered Investment Adviser (RIA) that works closely with individuals and families, helping them to accomplish their unique financial goals and objectives through the allocation of their assets.

We are a fee-based firm that seeks to adhere to the highest fiduciary standards and provide clients with advice that is truly unbiased and has only our clients' best interests in mind.

We offer our clients a wealth of comprehensive financial planning expertise in:

- retirement planning
- estate planning
- investment management
- risk management
- insurance
- education planning

Our advisers hold a variety of professional designations and certifications and are well-versed in a number of financial disciplines. Our combined education and experience allows us to proudly offer you independent financial advice you can trust.

TAX PLANNING SHOULD *ALWAYS* BE AN ESSENTIAL FOCUS WHEN REVIEWING YOUR PERSONAL FINANCIAL SITUATION.

Throughout this report, you'll read about the key aspects of some of the current 2018 tax laws and how they may apply to your situation.

There are many year-end tax moves focusing on income and expenses that you can make to lower your tax liability. Year-end tax planning often focuses on determining whether 2018 or 2019 is the best year to earn additional income or incur more tax deductions – it can make a difference for many investors. Now is the time to focus on how to optimize your situation between these two years.

The goal of this report is to share strategies that could be effective if considered and implemented before year-end. Choosing the appropriate strategies will depend on your income as well as a number of other conditions. As with all tax strategies, it is always in your best interest to discuss your personal situation with your tax preparer before making any moves or final decisions.

While everyone's situation is unique, beginning your final year-end planning now can help make tax season less stressful and easier to navigate, no matter what your tax and financial situation may be.

TAX REFORM UPDATES

As we start our year-end tax planning for 2018, our main goal shifts to helping you understand the impact of the TCJA and optimizing your tax positions. That is no small task given that there are over 130 new tax provisions. This report offers many suggestions and reviews strategies like loss and gain harvesting that have been useful in saving money even before the current round of tax law changes.

ITEMIZED VS STANDARD DEDUCTION

The TCJA roughly doubled the standard deduction. For single and married filing separately filers the standard deduction increased from $6,350 to $12,000, while married filing jointly has gone from $12,700 to $24,000. The new laws also eliminate or limit many of the previous laws concerning itemized deductions. An example is the state and local tax deduction (SALT), which is now capped at $10,000 per year, or $5,000 for a married taxpayer filing separately. Additionally, the TCJA temporarily eliminates miscellaneous itemized deductions subject to the 2% floor (like tax preparation fees and employee business expenses) and limits the home mortgage interest deduction to home acquisition debt of up to $750,000, or $375,000 for a married taxpayer filing separately.

So, what should a taxpayer consider? For those who typically claim the standard deduction, it's more than likely that their tax bill will decrease for 2018. Although personal exemption deductions are no longer available, a larger standard deduction, combined with lower tax rates and an increased child tax credit, could lower your tax bill. According to *Accounting Today*, some taxpayers who itemized last year won't itemize this year, or they may be able to itemize for state income tax purposes but not for federal. You should consider running the numbers to assess the impact on your situation before making a final decision. Depending on the results, you may even need to adjust your estimated quarterly tax payments or think about turning in a new Form W-4 to your employer.

CONSIDER BUNCHING CHARITABLE CONTRIBUTIONS OR USING A DONOR-ADVISED FUND

The TCJA temporarily increases the limit on cash contributions to public charities and certain private foundations from 50 to 60 percent of adjusted gross income. For many taxpayers, the doubling of the standard deduction and changes to key itemized deductions will result in them not itemizing in 2018, therefore benefiting from this increased limit. One way to combat this is to bunch or increase your charitable contributions in alternating years. Another strategy is to consider using a donor-advised fund. A donor-advised fund, or DAF, is a philanthropic vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time. Taxpayers can take advantage of the charitable deduction when they're at a higher marginal tax rate while actual payouts from the fund can be deferred until later. It's a win-win situation.

REVIEW YOUR HOME EQUITY DEBT INTEREST

Under the TCJA, home equity debt interest is no longer deductible … or so it was originally proposed. According to the IRS, interest paid on home equity loans and lines of credit is deductible IF the funds were used to buy or substantially improve the home that secures the loan. In other words, it can be treated as home acquisition debt subject to the new $750,000/$375,000 limit. This is good news for those who use the funds for improvements to the home. Please share with your tax preparer how the proceeds of your home equity loan were used. If you used the cash to pay off credit card or other personal debts, then the interest isn't deductible even if the payoff occurred prior to 2018.

REVISIT THE USE OF QUALIFIED TUITION PLANS

Qualified tuition plans, AKA 529 Plans, are a great way to tax efficiently plan the financial burden of paying for college. Previously, earnings in a 529 Plan could be withdrawn tax-free only when used for qualified higher education at colleges, universities, vocational schools or other post-secondary schools. However, this has been changed so that 529 Plans can now be used to pay for tuition at an elementary or secondary public, private or religious school, up to $10,000 per year. Unlike IRAs, there are no annual contribution limits for 529 Plans. However, there are maximum aggregate limits, which vary by plan. Under federal law, 529 Plan balances cannot exceed the expected cost of the beneficiary's qualified higher education expenses. Limits vary by state, ranging from $235,000 to $520,000. Some states even offer a state tax credit or deduction up to a certain amount. If you are paying tuition for children or grandchildren to attend elementary or secondary schools, it might be advantageous to set up or revisit a 529 Plan. This is also a strategy that can reduce your estate. If you want to explore setting up a 529 Plan, call us.

MAXIMIZE YOUR QUALIFIED BUSINESS INCOME (QBI) DEDUCTION (if applicable)

One of the most talked about changes from the TCJA is the new Qualified Business Income (QBI) deduction under Section 199A. Taxpayers who own interests in a sole proprietorship, partnership, LLC, or S-corporation may be able to deduct up to 20% of their QBI. Please be careful, because this deduction is subject to various rules and limitations.

There are other planning strategies that should be considered for business owners. For example, business owners can adjust their business's W-2 wages to maximize the deduction. Also, it may be beneficial for business owners to convert their independent contractors to employees where possible, but before doing so, please make sure the benefit of the deduction outweighs the increased payroll tax burden and cost of providing employee benefits. Other planning strategies can include investing in short-lived depreciable assets, restructuring the business, and leasing or selling property between businesses. This new piece of tax legislation would take an entire report to discuss, so we recommend that if you are a business owner, you should talk with a qualified tax professional about how the new Section 199A could potentially work for you.

NEW INCOME TAX RATES FOR 2018

The seven new tax rates for 2018 range from 10% up to 37%. They will phase out in eight years.

FEDERAL TAX RATES		SINGLE		HEAD OF HOUSEHOLD		MARRIED FILING SEPARATELY		MARRIED FILING JOINTLY/QUALIFYING WIDOW OR WIDOWER	
Ordinary Income	Long-Term Capital Gains and Qualified Dividends	Taxable Income Over	to	Taxable Income Over	to	Taxable Income Over	to	Taxable Income Over	to
10%	0%	$1	$9,525	$1	$13,600	$1	$9,525	$1	$19,050
12%	0%	9,526	38,700	13,601	51,800	9,526	38,700	19,051	77,400
22%	15%	38,701	82,500	50,801	82,500	38,701	82,500	77,401	165,000
24%	15%	82,501	157,500	82,501	157,500	82,501	157,500	165,001	315,000
32%	15%	157,501	200,000	157,501	200,000	157,501	200,000	315,001	400,000
35%	15%	200,001	500,000	200,001	500,000	200,001	300,000	400,001	600,000
37%	20%	Over $500,000		Over $500,000		Over $300,000		Over $600,000	
TAX ALERT: Your state income tax laws could be different from federal income tax laws. To view a wide range of tax info and access links to tax forms for all 50 states, go to www.sisterstates.com									

ALTERNATIVE MINIMUM TAX (AMT) CHANGES

When the tax law changes were initially discussed, there were high hopes that the dreaded individual Alternative Minimum Tax (AMT) would be repealed. Unfortunately, it still exists under the TCJA. However, the AMT rules are now more taxpayer-friendly.

The AMT calculation can be complicated, and you should discuss your situation with your tax professional, but here are some basic facts. In 2017, the AMT exemption amount was $54,300 for unmarried individuals ($84,500 for married individuals filing a joint return). This exemption is phased out at a 25% rate when alternative minimum taxable income (AMTI) exceeds $120,700 ($160,900 for married individuals filing a joint return). In 2018, the exemptions significantly increase to $70,300 for unmarried individuals ($109,400 for married individuals filing a joint return). More importantly, the phaseout thresholds are increased to $1 million for married individuals filing a joint return and $500,000 for other individual taxpayers. High-income taxpayers, particularly those in high-tax states like California, New York, and New Jersey, are going to lose significant amounts of deductions because of the $10,000 cap on state and local taxes, but they could have some relief because of the lower tax rates and changes made to the AMT.

Although the new tax laws reduce the odds that you will owe the AMT for 2018-2025, if your AMT bill exceeds your regular tax bill, you owe the higher AMT amount. The good news could be that if you owe the AMT under the new rules for 2018-2025, you probably owe less (maybe a lot less) than under the old rules.

ALTERNATIVE MINIMUM TAX (AMT) TABLE				
STATUS	2017		2018-2025	
	Exemption	Phase-Out	Exemption	Phase-Out
Single/Head of Household	$54,300	$120,700	$70,300	$500,000
Married Filing Jointly	$84,500	$160,900	$109,400	$1 Million

PREPARING FOR RETIREMENT AT ANY AGE

2018 RETIREMENT SAVINGS OPTIONS

If you have earned income or are working, you should seriously consider contributing to retirement plans. This is an ideal time to make sure you maximize your intended use of retirement plans for 2018 and start thinking about your strategy for 2019. For many, retirement plans represent one of the smarter tax moves that you can make. Here are some highlights:

- **INCREASED 401(K) CONTRIBUTION LIMITS.** The elective deferral (contribution) limit for employees under the age of 50 who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is $18,500. The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is an additional $6,000 ($24,500 total). As a reminder, these contributions must be made in 2018. **Please note that as of November 1, 2018, contribution limits for 2019 will increase by $500 to $19,000.**

- **IRA CONTRIBUTION LIMITS UNCHANGED**. The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at $5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains $1,000 (for a total of $6,500). **IRA contributions can be made all the way up to the April 15, 2019, filling deadline. On November 1, 2018, the IRS announced an increase to $6,000, the first adjustment since 2013.**

- **INCREASED ROTH IRA INCOME CUTOFFS.** The MAGI phase-out range for taxpayers making contributions to a Roth IRA is $189,000 to $199,000 for married couples filing jointly in 2018. For singles and heads of household, the income phase-out range is $120,000 to $135,000 in 2018. For a married individual filing a separate return, the phase-out range is $0 to $10,000 for 2018. **Please keep in mind, if your earned income is less than your eligible contribution amount, your maximum contribution amount equals your income.**

- **LARGER SAVER'S CREDIT THRESHOLD.** The MAGI limit for the Saver's Credit (also known as the Retirement Savings Contribution Credit) for low- and moderate-income workers is $63,000 for married couples filing jointly in 2018, $47,250 for heads of household, and $31,500 for all other filers.

- **HIGHER IRA INCOME LIMITS.** The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (MAGI) of $63,000 and $73,000 for 2018. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is $101,000 to $121,000 for 2018. For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out as the couple's income reaches $189,000 and completely at $199,000 for 2018. For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is $0 to $10,000 for 2018. **Please keep in mind, if your earned income is less than your eligible contribution amount, your maximum contribution amount equals your income.**

- **BE CAREFUL OF THE IRA ONE ROLLOVER RULE.** IRA investors were always limited to one rollover per year, per IRA. Investors are still limited to making only one rollover from <u>all</u> of their IRAs to another in any 12-month period. A second IRA-to-IRA rollover in a single year could result in income taxes becoming due on the rollover, a 10% early withdrawal penalty, and a 6% per year excess contributions tax as long as that rollover remains in the IRA. While individuals can only make one IRA rollover during any one-year period, there is no limit on trustee-to-trustee transfers. Multiple trustee-to-trustee transfers between IRAs and conversions from traditional IRAs to Roth IRAs are allowed in the same year. **If you are rolling over an IRA or have any questions on this, please call us.**

CAPITAL GAINS AND LOSSES

Looking at your investment portfolio can reveal a variety of different tax saving opportunities. Start by reviewing the various sales you have realized so far this year on stocks, bonds, and other investments. Then review what's left and determine whether these investments have an unrealized gain or loss. (Unrealized means you still own the investment and haven't yet sold it, versus realized, which means you've actually sold the investment.)

- **KNOW YOUR BASIS.** In order to determine if you have unrealized gains or losses, you must know the investment's tax basis, or the cost of the investment when you bought it. However, this gets trickier with investments that allow you to reinvest your dividends and/or capital gain distributions. We will be glad to help you calculate your cost basis.
- **CONSIDER LOSS HARVESTING.** If your capital gains are larger than your losses, you might want to do some "loss harvesting" or selling certain investments that will generate a loss. You can use an unlimited amount of capital losses to offset capital gains. However, you are limited to only $3,000 (if married, filing jointly; $1,500 if married, filing separately) of net capital losses that can offset other income, such as wages, interest and dividends. Bonus: any remaining unused capital losses can be carried forward into future years indefinitely.
- **BE AWARE OF THE "WASH SALE" RULE.** If you sell an investment at a loss and then buy it right back, the IRS disallows the deduction. The "wash sale" rule says you must wait at least 30 days before buying back the same security in order to be able to claim the original loss as a deduction. The deduction is also disallowed if you bought the same security within 30 days before the sale. However, while you cannot immediately buy a substantially identical security to replace the one you sold, you can buy a similar security — perhaps a different stock in the same sector. This strategy allows you to maintain your general market position while utilizing a tax break.
- **SELL WORTHLESS INVESTMENTS.** If you own an investment that you believe is worthless, ask your tax preparer if you can sell it to someone other than a related party for a minimal amount, such as $1, to show that it is, in fact, worthless. The IRS often disallows a loss of 100% because they usually argue that the investment has to have at least some value.
- **ALWAYS DOUBLE-CHECK BROKERAGE FIRM REPORTS.** If you sold a stock in 2018, the brokerage firm reports the basis on IRS Form 1099-B in early 2019. Unfortunately, sometimes there could be problems when reporting your information, so we suggest you double-check these numbers to make sure that the basis is calculated correctly and does not result in a higher amount of tax than you need to pay.

0% LONG-TERM CAPITAL GAINS TAX

You may qualify for a 0% capital gains tax rate for some or all your long-term capital gains realized in 2018. The strategy is to figure out how much long-term capital gain you might be able to recognize to take advantage of this tax break.

NOTE: The 0%, 15%, and 20% long-term capital gains tax rates only apply to "capital assets" (such as marketable securities) held longer than one year. Anything held one year or less is considered "short-term capital gains" and is taxed at ordinary income tax rates.

If you are eligible for the 0% capital gains tax rate, it might be a good time to consider selling some appreciated investments to take advantage of the tax rate. Sell just enough so your gain pushes your income to the top of the 15% tax bracket, then buy new shares in the same company. The "wash sale" requirement to wait 30 days does not apply for gains. With "gains harvesting," you can sell the stock and buy it back on the same day. Of course, there will be transaction costs such as commissions and other brokerage fees but at the end of the day you will have the same number of shares, but with a higher cost basis. Please remember, you must also review your state income tax rules to determine whether these gains will be tax-free at the state level.

This strategy might be helpful if in 2018: you were temporarily unemployed; are someone whose income varies from year to year; or are between the ages of 55 and 70 and may soon be transitioning into retirement or are already retired.

If you're ineligible for the 0% capital gains tax rate but you have adult children in the 0% bracket, consider gifting appreciated stock to them. Your adult children will pay a lot less in capital gains tax than if you sold the stock yourself and gifted the cash to them (make sure the Kiddie Tax doesn't apply — e.g., college students up to age 23).

Long-Term Capital Gains Rate	Single Taxpayers	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to $38,600	Up to $77,200	Up to $51,700	Up to $38,600
15%	$38,601 - $425,800	$77,201 - $479,000	$51,701 - $452,400	$38, 601 - $239,500
20%	Over $425,800	Over $479,000	Over $452, 400	Over 239,500

NOTABLE TAX

Ch-ch-ch-changes!

DEDUCTIBLE MEDICAL EXPENSES
The floor for deductible medical expenses is reduced to 7.5% for 2018 and 2019. It makes sense to schedule discretionary medical procedures in 2018 and 2019 if doing so will lead to a medical expense deduction.

SALT
State and local income, sales, and real and personal property taxes (SALT) are limited to $10,000.

HOME EQUITY LOANS
Although existing mortgages are grandfathered in and subject to the prior $1 Million cap, interest expense on acquisition indebtedness for up to two homes is capped at $750,000 total for loans incurred after December 15, 2017 through 2025. Interest on home equity loans is deductible when the loan is used to improve the home.

DISALLOWED ITEMIZED DEDUCTIONS
Miscellaneous itemized deductions not allowed to be used after 2017 include: tax preparation fees, investment expenses, and unreimbursed employee expenses. Individuals with significant unreimbursed employee expenses, including mileage, internet/phone charges, and education costs should consider setting up an excludable working condition fringe benefit arrangement or accountable plan from their employers.

ALIMONY
Under the prior law, alimony and separate maintenance payments were deductible by the payor and included in income by the payee. For divorce and separation instruments executed or modified after December 31, 2018, alimony and separate maintenance payments are not deductible by the payor-spouse, nor included in the income of the payee-spouse. This will profoundly affect the structure of divorce settlements.

CHILD AND FAMILY CREDIT
The Act increases the child tax credit to $2,000 per qualifying child, with $1,400 of this amount being refundable. The Act also adds a $500 nonrefundable credit for qualifying dependents other than children. More importantly, the phaseout for the child tax credit has been increased to $400,000 (from $110,000) for married taxpayers filing a joint return and to $200,000 (from $75,000) for other taxpayers.

EDUCATION BENEFITS
Although they were in jeopardy, education benefits - the student loan interest deduction, education credits, exclusion for savings bond interest, tuition waivers for graduate students, and the educational assistance fringe benefit - remain intact.

CASUALTY AND THEFT LOSSES
The deduction for casualty and theft losses during natural disasters is only allowed for presidentially-declared disaster areas.

ABLE ACCOUNTS
Contributions to ABLE accounts are now eligible for the retirement saver's credit and a child's 529 account can be rolled over to an ABLE account for the child.

ESTATE, GIFT & GENERATION-SKIPPING
Exemption amounts for gift, estate, and generation-skipping taxes have almost doubled from $5.6 million to $11.18 million ($22.36 million for couples), and the income tax basis step up/down to fair market value at death continues under the Act. These changes provide high net worth individuals a significant planning window to make gifts and set up irrevocable trusts.

Remember, as of now, the exemption amounts will revert in 2026 to 2017 levels (although the exemption amount has never decreased before), claiming the portable exemption will remain an important discussion topic for decedents with more than $3 million in assets.

MOVING EXPENSES
The moving expense deduction is suspended, except for the in-kind moving and storage expenses for members of the Armed Forces (or their spouse or dependents) on active duty who move pursuant to a military order and incident to a permanent change of station.

CHARITABLE GIVING

This is a great time of the year to clean out your garage and donate items to charity. Please remember that you can only write off these donations to a charitable organization if you itemize your deductions. Sometimes your donations can be difficult to value.

YOU CAN FIND ESTIMATED VALUES FOR YOUR DONATED CLOTHING AT: https://goo.gl/WcQEfL

Send cash donations to your favorite charity by December 31, 2018, and be sure to hold on to your cancelled check or credit card receipt as proof of your donation. If you contribute $250 or more, you also need a written acknowledgement from the charity.

If you plan to make a significant gift to charity this year, consider gifting appreciated stocks or other investments that you have owned for more than one year. Doing so boosts the savings on your tax returns. Your charitable contribution deduction is the fair market value of the securities on the date of the gift, not the amount you paid for the asset, and therefore you avoid having to pay taxes on the profit!

Do not donate investments that have lost value. It is best to sell the asset with the loss first and then donate the proceeds, allowing you to take both the charitable contribution deduction and the capital loss. Also remember, if you give appreciated property to charity, the unrealized gain must be a long-term capital gain for the entire fair market value (FMV) to be deductible. (The amount of the charitable deduction must be reduced by any unrealized ordinary income, depreciation recapture and/or short-term gain.)

The laws allowing taxpayers age 70½ and older to transfer up to $100,000 directly from their IRA to a charity, satisfying all or part of the required minimum distribution (RMD), were made permanent in 2015. If you meet the qualifications to use this strategy, the funds must come out of your IRA by your RMD deadline (i.e., December 31, 2018).

ROTH IRA CONVERSIONS

Converting part or all of a traditional IRA to a Roth IRA is never a simple and easy decision. Roth IRA conversions can be helpful, but they can also create immediate tax consequences and trigger additional rules and potential penalties. It is best to run the numbers with a professional and calculate the most appropriate strategy for your situation.

Call us if you would like to review your Roth IRA conversion options.

OTHER YEAR-END TAX STRATEGIES

- **MAKE USE OF THE ANNUAL GIFT TAX EXCLUSION.** Gift up to $15,000 tax-free to each person in 2018. These "annual exclusion gifts" do not reduce your $11,180,000 lifetime gift tax exemption. *(<u>NOTE</u>: Annual exclusion gift is doubled to $30,000 per recipient for joint gifts made by married couples or when one spouse consents to a gift made by the other spouse.)*

- **HELP SOMEONE WITH MEDICAL OR EDUCATION EXPENSES.** Unlimited tax-free gifts when you pay the provider of the services directly. Medical expenses must meet the definition of deductible medical expenses. Qualified education expenses are tuition, books, fees, and related expenses but not room and board. You can find the detail qualifications in IRS Publications 950 and the instructions for IRS Form 709, which are available for free at www.irs.gov.

- **CONTRIBUTE TO A 529 PLAN ON BEHALF OF A BENEFICIARY.** Effective annual contribution limit to 529 Plans for 2018 is $15,000. Transfers to 529 Plans count towards annual exclusion gifts. Withdrawals (including earnings) used for qualified education expenses (i.e., tuition, fees, books and other related expenses) are income tax-free. The tax law even allows you to give the equivalent of five years' worth of contributions up front ($15,000 x 5 = $75,000) with no gift tax consequences. Earnings on non-qualifying distributions are subject to income tax and a 10% penalty. While overall contribution limits vary by state, many states provide contribution incentives such as tax deductions, tax credits or matching grants. If you would like to learn more about your state's parameters for 529 Plans, please contact us.

- **RMDs FOR THOSE OVER AGE 70½.** One thing to watch closely by year-end is the RMD requirement. Most retirement arrangements (other than Roth IRAs) require that participants begin to take annual payments of benefits in the year they turn age 70½. While distributions generally must be made at the end of the calendar year, distributions for the first year can be delayed until April 1st of the succeeding year. **If you have questions about your RMD, please call us.**

- **MAKE GIFTS TO TRUSTS.** These gifts often qualify for the annual exclusion ($15,000 in 2018) if the gift is direct and immediate. A gift that meets all the requirements removes the property from your estate. The annual exclusion gift can be contributed for each beneficiary of a trust. We are happy to review the details of this with your estate planning attorney.