Tom Mullooly: In episode 270, we talk about what to know when you're making gifts to individuals.

Tom Mullooly: Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 270. Thanks for tuning in.

Tom Mullooly: We want to talk about making gifts to individuals. A lot of folks want to reduce their taxable estate or they want to help a family member get under the Medicaid threshold, so we thought we'd put together a video to talk about making gifts to individuals. Now, we'll cover making gifts to organizations and charities in a separate video for that. Today, let's talk about making gifts to people.

Tom Mullooly: Tax payers can make gifts of up to $15,000 per person, per year. That's really important. They can go up to that $15,000 threshold without having to file a gift tax return. Now, you can always make a gift of more than 15,000, just understand that the excess, what's over 15,000, will be subject to you've got to file a gift tax return. It's important to know that. Let me be clear though. Each person can make a gift of $15,000 to one person, per year, every year. For example, say you've got a married couple.

That married couple can make a gift of $30,000, 15 grand each, to say, one child in their family. Okay. Let's take that example a little further. Suppose a married couple has three adult children and seven grandchildren. That's three children, seven grandchildren, that's 10 gifts that each person of the married couple can make. 10 gifts of $15,000. The husband can gift $150,000 in total. The wife can also make a gift of $150,000 in total per person, per year.

We're talking about a way for a married couple to remove $300,000 from their estate, or a way to get down closer to that Medicaid threshold, and that's all without filing a gift tax return. As I said earlier, you can make gifts of over 15 grand. You just have to know that there's a gift tax return attached to it.

Tom Mullooly: The question that we always get is, should we be gifting cash, or should we be gifting stock? That's a question that needs a little more examination, but just understand for this video, if you gift stock, the person who receives the gift, the recipient, keeps your cost basis. Now, that's really important.

Suppose you bought a stock, you invested $5,000 years and years ago, and now it's worth 15 grand. That person is going to have a tax bill attached when they go to eventually sell it. There's going to be a tax due with that. A tip that I often share with folks, a good thing to remember, in general when you're making gifts to people, give them cash. If you're making a gift to an organization, say a charity, some other nonprofit, give them appreciated stock. It's a good way to remember it.

Tom Mullooly: There's a lot more to gifting strategies that we just can't cover in a short video like this. Reach out to us if you've got questions and we'd be able to talk you through what's going on.

Tom Mullooly: That's going to wrap up episode 270. Thanks again for tuning in.