



Edward Jones®

Perspective

December 2024

**Avoid tax pitfalls
while gifting
this holiday**

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Giving gifts to loved ones



2024 annual gift tax exclusion – \$18,000 (\$36,000 married filing jointly)



Exception to the exclusion – Qualified medical expenses or tuition, but you must pay directly to the medical facility or educational organization



Avoid tax pitfalls while gifting this holiday (cont.)

Giving gifts to loved ones (cont.)

- “Superfunding” a 529 plan
 - Contribute up to five years’ worth of annual gift tax exclusions
 - Allows the money to be invested longer
 - Regulations apply

Avoid tax pitfalls while gifting this holiday (cont.)

Giving gifts to loved ones (cont.)

- Lifetime estate and gift tax exemption
 - \$13.61 million in 2024
 - Separate from annual gift tax exclusion amount
 - Any amounts over the annual limit reduce your lifetime exemption





Avoid tax pitfalls while gifting this holiday (cont.)

Charitable deductions

- Tax breaks
 - 2024 standard deduction of \$14,600 (\$29,200 for married filing jointly)
 - To itemize, your deductions would need to exceed the standard deduction
 - Strategies include bunching multiple years of gifts, donor-advised funds

Avoid tax pitfalls while gifting this holiday (cont.)

Common assets donated to charity

1

Cash — Deduction limited to 60% of AGI for public charities and 30% for private foundations

2

Appreciated securities — Deduction limited to 30% of AGI for public charities and 20% for private foundations

3

Qualified charitable distribution (QCD) — Must be at least age 70½; can satisfy your RMDs up to \$105,000 annually

Avoid tax pitfalls while gifting this holiday (cont.)

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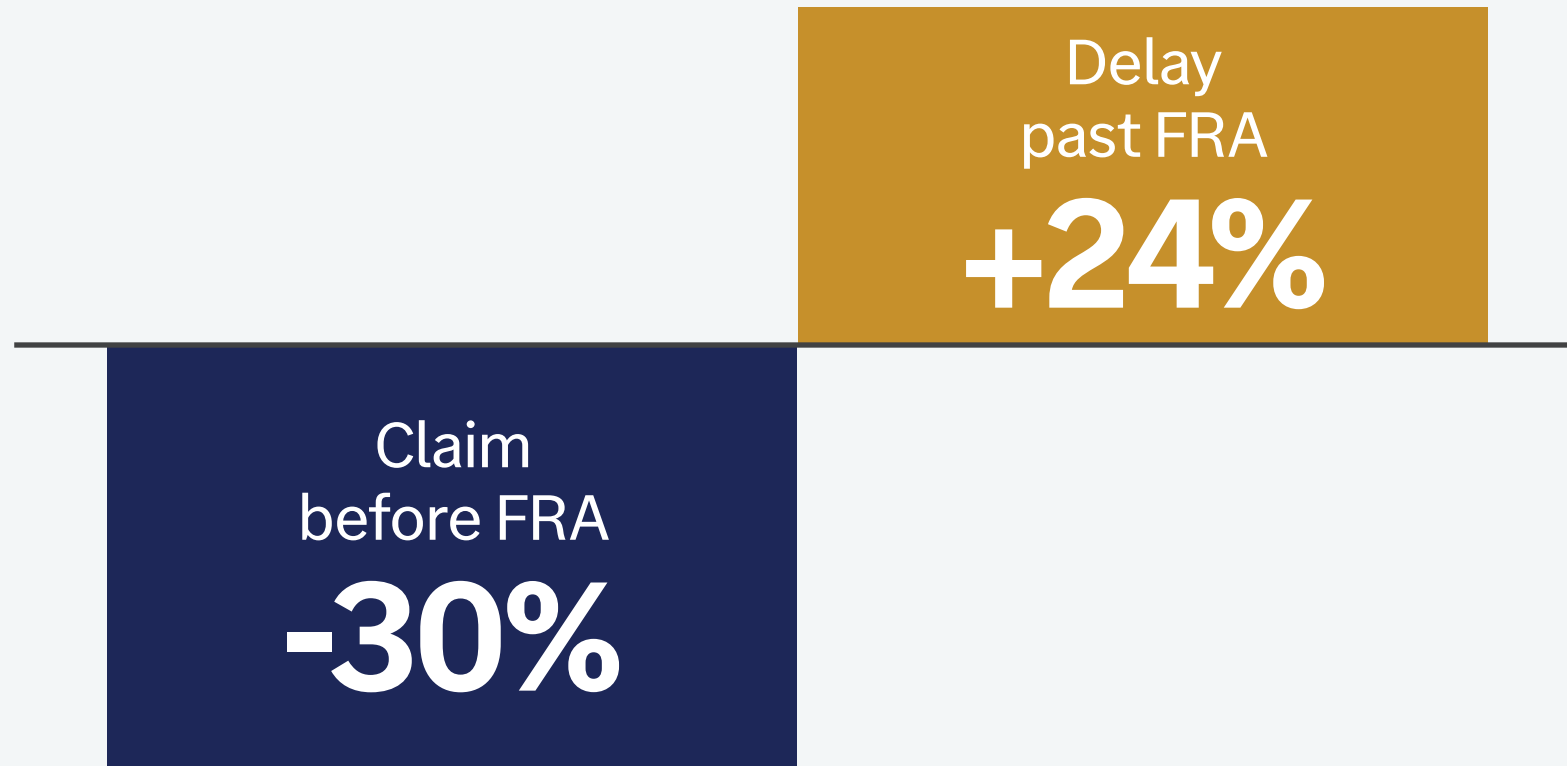
You have a lot to consider when gifting




Let's discuss how your gifting strategy may impact your financial strategy and goals

Your Social Security decisions could affect your spouse

Claiming your benefit before full retirement age (FRA) vs. after



A photograph of an older couple smiling and embracing each other. The woman is on the left, wearing a colorful striped shirt, and the man is on the right, wearing a blue sweater over a light blue collared shirt. They are both looking towards each other with joyful expressions.

What to consider before you claim Social Security

- Your income needs
- Your employment
- Your life expectancy
- Your spouse

Recommendations for spousal and survivor benefits

If you're **married**, spousal benefits are a critical factor:



Neither spouse qualifies — Both should defer to age 70



One spouse qualifies — The higher-benefit spouse should claim at age 70, and the lower-benefit spouse should claim at FRA

Recommendations for spousal and survivor benefits (cont.)

If you are a **surviving spouse** and want to qualify, you must:



Have been married at least nine months

60+ **Be unmarried or have remarried after age 60**

Consider deferring your higher maximum benefit and taking the lower benefit as soon as you are able.

Recommendations for spousal and survivor benefits (cont.)

If you are a **divorced spouse** and want to qualify on your former spouse's record, you must:



Have been married at least 10 years




Currently be unmarried

Consider deferring your higher maximum benefit to the maximum benefit age.

Before you make a decision on Social Security



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Is life insurance worth it as you age?

- Often considered a protection strategy for younger individuals
- Even as you age, your loved ones could be affected should you pass away prematurely

How much life insurance coverage do you need?

Use **L-I-F-E** as a guide



Liabilities
Income
Final expenses
Education

Which type of life insurance policy is right for you?

Term insurance

- Lasts for a set period
- Has no cash value accumulation or additional features
- Can be cost-effective

Permanent insurance

- Can last your entire life (if premiums are paid)
- Potential to accumulate cash value and may offer additional features
- May be best if your loved ones' needs won't decrease over time

Individual policy vs. group policy

Individual policy

- Higher coverage amounts
- More features
- Can supplement or replace group coverage

Group policy (through an employer)

- Typically cheaper
- Doesn't require underwriting
- Generally ends when your employment ends

How Edward Jones can help



I can help you evaluate your life insurance options



We can review your life insurance as your needs change over time

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Financial moves when growing your family

Estimate the associated costs:

- Health insurance/employer benefits vs. out of pocket
- Excess cash to a baby fund
- Explore an HSA or an FSA
- Take into account one-time expenses

Financial moves when growing your family (cont.)



Plan to take
time off work



Review/adjust
your insurance
and estate plan



Determine how
you'll address
childcare

Financial moves when growing your family (cont.)

- Adjust your emergency fund
- Use special enrollment to obtain health insurance
- Review your W4 tax withholding
- Look into tax credits/deductions



Financial moves when growing your family (cont.)

Revisit your financial goals



Align spending and saving
with your family's values



Look at strategies for saving
for education

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More information available

- This month's issue of *Edward Jones Perspective* contains more in-depth coverage of the topics discussed today.
- Please be sure to complete your seminar evaluation form.
- Please contact me with any further questions or to schedule an appointment.

Thank you for your time!

