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Capital Gains Tax Rates

• With 2017 Tax Act, capital gains tax brackets no longer match income tax brackets

Taxable Income (MFJ)		Taxable Income (Single)		Capital Gains Tax Rate
\$	0	\$	0	0%
77,200		38,600		15%
479,000		425,800		20%

- · Brackets indexed for inflation
- 37% bracket is \$600,000 for MFJ, \$500,000 for single

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Capital Gains Tax Example

- Mr. and Mrs. Albertson
 - \checkmark \$200K AGI, own P & G stock

\$300,000 FMV Cost basis <u>- \$100,000</u> Long term gain \$200,000 Tax @ 15% \$30,000 Left to reinvest (\$300,000 - \$30,000) \$270,000

When long term gain property donated outright: deduction based on FMV and capital gain not taxed

Taxation Basics for Gift Planners

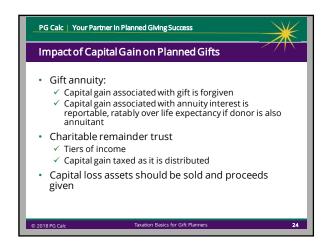
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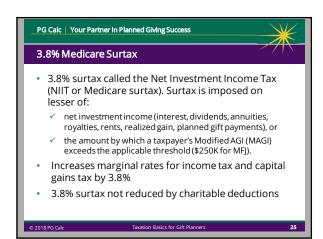
Gift of Cash vs. Gift of Appreciated Property

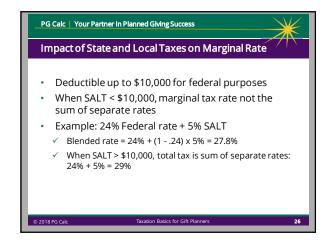
• Mr. and Mrs. Albertson give P & G stock or cash

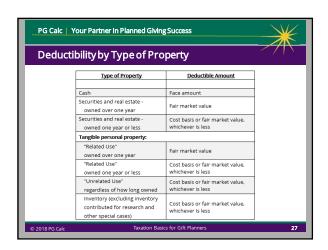
Give Stock Give Cash CG tax savings @ 15% Income tax deduction \$300,000 \$300,000 Income tax savings @ 24% \$72,000 \$72,000 Total tax savings \$102,000 \$72,000 Net cost of gift \$198,000 \$228,000

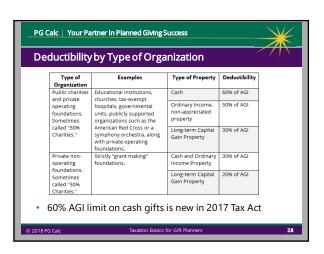
- Albertsons can repurchase P & G stock; reset basis
- CG tax savings doesn't require itemizing

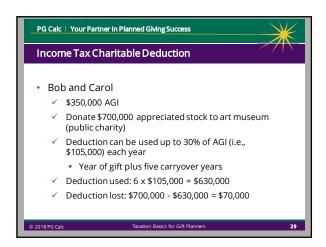


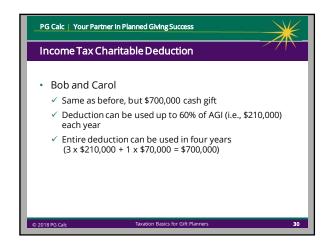


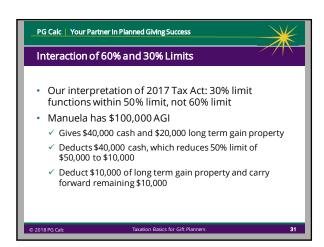


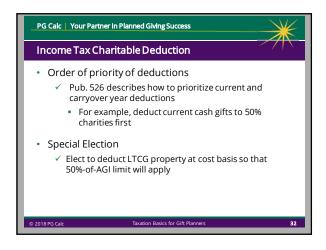


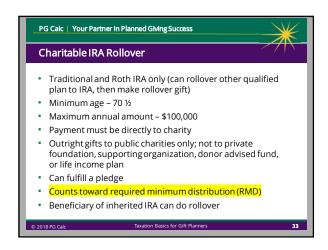


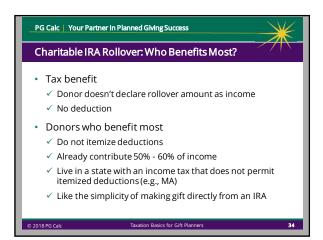


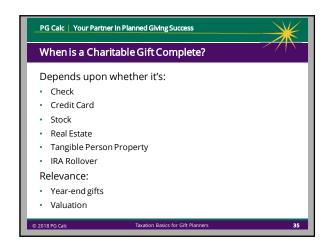


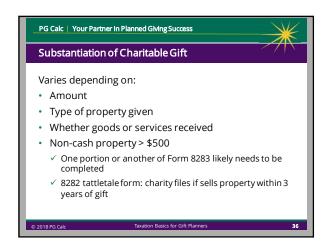


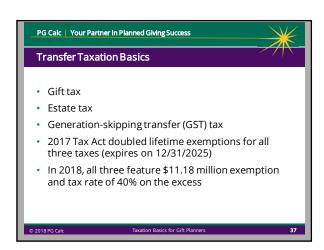


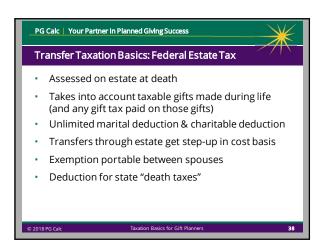




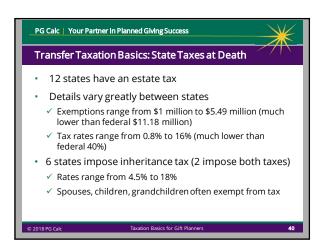


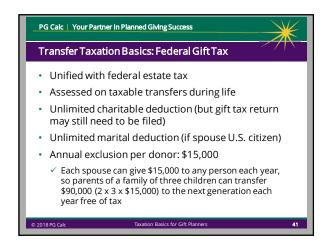






PG Calc | Your Partner In Planned GMng Success Transfer Taxation Basics: Federal Estate Tax One in a thousand estates (0.1%) settled in 2018 expected to pay federal estate tax For the few that owe federal estate tax, charitable bequests save \$0.40 for every \$1 given (i.e., gift costs only \$0.60 per \$1 given) One of the few that owe federal estate tax and the sequence of the few that owe federal estate tax are considered.





PG Calc | Your Partner In Planned GMng Success Transfer Taxation Basics: Generation Skipping Transfer tax • Assessed in addition to gift or estate tax; prevents tax avoidance by skipping generations • Applies to certain transfers to "skip persons" • Skip person: relative two or more generations younger or non-relative 37.5+ years younger • As with estate and gift taxes, can be relevant in connection with a planned gift that benefits a skip person

