

**CLIENT ADVISORY**

**2014 Estate Tax Exemption Increase**

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The coming of the New Year brings new Federal and Rhode Island estate tax exemption amounts as both exemptions are adjusted annually for inflation. The Internal Revenue Service recently announced the new Federal Exemption is increasing from \$5,250,000 in 2013 to \$5,340,000 for 2014. The IRS also announced that the generation skipping transfer tax exemption amount increased from \$5,250,000 in 2013 to \$5,340,000 for 2014. This means that in 2014, you can transfer up to \$5,340,000 without having to pay a federal estate tax, a federal gift tax or a federal generation skipping transfer tax. The annual exclusion amount of transferring up to \$14,000 as a gift with any gift tax consequences remains unchanged for 2014.

In 2013, Rhode Island had an exemption amount of \$910,725. This amount will be increased to \$921,655 for 2014. As the Massachusetts exemption amount is not adjusted annually for inflation, it remains at \$1,000,000. Neither Rhode Island nor Massachusetts has a gift tax or a generation skipping transfer tax. In order to ensure that you take the best advantage of all these tax exemptions, please contact a member of our Trust and Estate Department at (401) 274-7200.

The information contained herein is for general informational purposes only and is not intended to constitute legal advice or legal opinion as to any particular matter.