



ASK THE LAWYER



**by
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GIFTING – MEDICAID AND THE ESTATE TAX EXEMPTION

I often have clients come in wishing to give away assets to their children or loved ones as they reach the elder stages of their lives. These clients often are concerned about the tax ramifications of the potential gifts as well as the potential Medicaid ramifications. If the clients are in relatively good health, I advise them that it's perfectly acceptable to make large gifts to their children, just advising them that if they (the client) need care within five years after making their gift, this could pose a problem. I would carefully explain to the client that if they made this gift, the recipient should be ready, if necessary, to return (cure) the gift if that client needed care. With regard to the estate and gift tax, I tell clients that if their gift is greater than \$19,000 to a single individual in a year, then they should be prepared to file a gift tax return that year; however, there would be no tax associated with this gift as the gift is merely used against that client's estate and gift tax exemption, which is currently at \$13.99 million per person. For more information or to schedule a free consultation, contact Pruitt Zabkowicz S.C. for a phone, video, or in-person appointment at 262-633-8301, or through our website at pruittlawoffices.com. Our offices are located at 731 Main Street in Racine and 620 56th Street in Kenosha.

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