



Year-End Gifting

Have You Completed Your 2025 Gifts Yet?

As the end of the year approaches, it is important to make sure your last-minute gifts count for the intended calendar year. A gift is complete for Federal tax purposes when you relinquish “dominion and control” of the asset.

What Does that Mean for Common Types of Property Transfers?



Cash: Must be physically received by the recipient by December 31.



Paper Checks: Must be physically received by the recipient by December 31, and should also be deposited by then to substantiate receipt.



EFT, ACH, Wire Transfer: Transaction needs to be initiated by the depository institution by December 31 so that you can no longer cancel the transaction, even if the funds may not yet be available to the recipient.



Securities: Stock certificate must be endorsed and delivered to the recipient, or transferred on the books of the transfer agent by December 31.



Real Property: This varies by state. You may need to execute the deed by December 31, and in some states, the transfer must also be recorded by December 31 for the gift to be considered complete. As always, consult local counsel.



Qualified Charitable Distribution: For a charitable gift up to \$100,000 to be counted as a required minimum distribution (RMD) from an Individual Retirement Account (IRA), funds must be sent from the custodian of the IRA directly to the charity (never deposited in your personal bank account) and received by the charity in the calendar year for which the RMD is required.

Are There Specific Rules For Life Insurance Related Gifts?

Keep in mind these additional considerations:

- The gift of your **existing policy** to another individual is completed when the change of ownership is registered with the life insurance carrier. The carrier will generate a Form 712 to substantiate the fair market value (FMV) on the date of transfer. Since life insurance valuations can be unpredictable, you may want to obtain an informal opinion of the value before making the transfer. Please work with your financial professional to obtain that information prior to the creation of the Form 712.
- If the gift consists of **premiums paid for a policy owned by another individual**, then the date and amount of the gift would match the premium payment.
- **Trust-owned policies** require careful attention. Paying the premium on a policy owned by an irrevocable trust does not qualify for the annual exclusion unless the trust gives the beneficiaries "Crummey" withdrawal powers and the Crummey requirements of the trust are properly observed. As a matter of best practice, funds may be transferred to the trust at least 30 days before the premiums are due, proper Crummey notices should be sent promptly to the beneficiaries, and then premiums may be paid from the trust's bank account. (Specific dates may be provided in the trust, so please check with local counsel and the trust document.) The effective date of the gift is the date the funds are transferred to the trust (the date that the premium is paid generally does not matter).



Key Figures for 2025 Year-End Planning

- The 2025 annual gift tax exclusion is \$19,000 per recipient.
- The current unified exemption is \$13.99 million.

There may be significant planning options left to explore before the year draws to a close. It is a great time to evaluate your current plans, identify opportunities, and ensure you are protecting your priorities and working toward your goals.

For further information year-end planning, please contact your financial professional.



Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws. Failure to do so could result in adverse treatment of trust proceeds.

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