By Keith M. Lichtcsien, CFP®, AEP®

HISTORY OF THE EXEMPTION EQUIVALENT

(The amount of assets that can be transferred and protected, by tax credit, from one or more transfer taxes)

Tax Act	Exemption Equivalent	Year
The Economic Recovery Tax Act of 1981* (ERTA)	From $175,625 To $600,000	1982 ~ 1987
The Tax Payer Relief Act of 1997 (TRA)	From $600,000 To $1,000,000	1998 ~ 2006 (Was to be phased in but accelerated by EGTRRA*)
The Economic Growth and Tax Recovery Reconciliation Act of 2001 (EGTRRA) Under EGTRRA, there wouldn't have been any estate tax in 2010 (In fact this actually happened). However, a “sunset„ provision provided for a return to the prior law in 2011 with a $1 Million exemption equivalent. Also during the EGTRRA phase in, the exemption equivalent for gift taxes was held at $1 million thus decoupling the two transfer tax credits. The previous term “Unified” was no longer applicable.	From $675,000 To $1,000,000	In 2002 & 2003
	From $1,000,000 To $1,500,000	In 2004 & 2005
	From $1,500,000 To $2,000,000	In 2006, 2007 & 2008
	From $2,000,000 To $3,500,000	2009
Year of Not Knowing How to Plan	No Estate Tax	2010
The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010	To $5,000,000	2010 ~ 2011 (Retroactively for some)
The American Taxpayer Relief Act(ATRA) — Passed 1/2/2013 ATRA reunified the taxes, so the term Unified Credit Equivalent is used. The individual amount for 2013 was $5,250,000 applicable to transfers during both one's life and after one's death and includes generation skips. Additionally, there is a complicated and widely misunderstood provision with embedded tax traps being called “Portability”, which is fueling complacency and a false sense of security for many.	$5,000,000	2011 (Indexed for Inflation)
Tax Cuts and Jobs Act of 2017 (TCJA) — Passed 12/22/2017	$11,180,000** (Indexed for Inflation)	Effective after 12/31/2017**

“There is no such thing as a Permanent Tax Law; in fact, including Permanent and Tax Law in the same sentence is either naïve or disingenuous.”

~ Keith M. Lichtcsien, CFP®, AEP®

* The year Keith's career began.

** $12,060,000 in 2022. Scheduled by law to **sunset 12/31/2025**.

This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. The services of an appropriate professional should be sought regarding your individual situation.

Historical and Current Exclusion Amounts and Max Rates 1977 — 2022

Year	Estate Tax Exemption Equivalent (Applicable Exclusion Amount)	Estate Tax Credit (applicable credit amount)	Gift Tax and Estate Tax Rate	Maximum Gift & Estate Tax Rate	Top Marginal Rate Begins at (in millions above exclusion amount)	Annual Gift Exclusion per Donee Single / Joint
1977	$120,667	$30,000	$120,667	70%	5.0	$3,000/$6,000
1978	134,000	34,000		70%	5.0	$3,000/$6,000
1979	147,333	38,000		70%	5.0	$3,000/$6,000
1980	161,563	42,500		70%	5.0	$3,000/$6,000
1981	175,625	47,000		70%	5.0	$3,000/$6,000
1982	225,000	62,800		65%	4.0	$10,000/$20,000
1983	275,000	79,300		60%	3.5	$10,000/$20,000
1984	325,000	96,300		55%	3.0	$10,000/$20,000
1985	400,000	121,800		55%	3.0	$10,000/$20,000
1986	500,000	155,800		55%	3.0	$10,000/$20,000
1987 - 1997	600,000	192,800		55%*	3.0	$10,000/$20,000
1998	625,000	202,050		55%	3.0	$10,000/$20,000
1999	650,000	211,300		55%	3.0	$10,000/$20,000
2000	675,000	220,550		55%	3.0	$10,000/$20,000
2001	675,000	229,550		55%	3.0	$10,000/$20,000
2002	1,000,000	345,800		50%	2.5	$11,000/$22,000
2003	1,000,000	345,800		49%	2.0	$11,000/$22,000
2004	1,500,000	555,800		48%	2.0	$11,000/$22,000
2005	1,500,000	555,800		47%	2.0	$11,000/$22,000
2006	2,000,000	780,800		46%	2.0	$12,000/$24,000
2007	2,000,000	780,800		45%	1.5	$12,000/$24,000
2008	2,000,000	780,800		45%	1.5	$12,000/$24,000
2009	3,500,000	1,455,800		45%	1.5	$13,000/$26,000
2010 (opt out of 2010 act - apply 2001 act)	N/A (Taxes Repealed)	N/A (Taxes Repealed)	1,000,000	Top individual income tax rate (Gift tax only)	N/A	$13,000/$26,000
2010 (apply 2010 Act)	5,000,000	1,730,800		35%	0.5	$13,000/$26,000
2011	5,000,000	1,730,800		35%	0.5	$13,000/$26,000
2012	5,120,000	1,772,800		35%	0.5	$13,000/$26,000
2013	5,250,000	2,045,800		40%	1.0	$14,000/$28,000
2014	5,340,000	2,081,800		40%	1.0	$14,000/$28,000
2015	5,430,000	2,117,800		40%	1.0	$14,000/$28,000
2016	5,450,000	2,125,800		40%	1.0	$14,000/$28,000
2017	5,490,000	2,141,800		40%	1.0	$14,000/$28,000
2018**	11,180,000	4,417,800		40%	1.0	$15,000/$30,000
2019	11,400,000	4,505,800		40%	1.0	$15,000/$30,000
2020	11,580,000	4,577,800		40%	1.0	$15,000/$30,000
2021	11,700,000	4,625,800		40%	1.0	$15,000/$30,000
2022	12,060,000	4,769,800		40%	1.0	$15,000/$30,000

* Between 1987 and 1997 there was a 5% surtax (in addition to the 55% marginal rate) between $10,000,000 and $21,040,000. This phased out the graduated rates to make the tax a flat 55% for estates above $21,040,000.

** TCJA was passed 12/22/2017 and **sunsets 12/31/2025**.