



Offering your loved ones an early inheritance also allows you to witness the benefits of the help you're providing while you're still alive.

# Early Inheritance: Should I Consider Gifting My Assets While I'm Alive?

When planning how to distribute your wealth, one option worth considering is early inheritance. By transferring assets while you're alive, you may be able to provide financial support to loved ones while maintaining control and minimizing potential tax implications. An early inheritance strategy can also provide you with the satisfaction of seeing the impact of your generosity, whether it's funding a grandchild's education or helping your son or daughter buy their first home, while also helping heirs avoid the complexities and delays of probate.

## What Is Early Inheritance?

Early inheritance is the intentional gifting of assets before death, which allows the benefactor to provide support to loved ones, **minimize estate taxes**, and foster intergenerational relationships.

## How to Gift Assets Before Death

There are a variety of ways you can give an inheritance before death:

- **Living Trust:** Also known as a **revocable trust**, a living trust allows you to transfer assets before death by putting those assets in the

trust's name and naming your heirs as beneficiaries. You can update a living trust at any time, but it becomes irrevocable after you pass away.

- **Irrevocable Trust:** A permanently binding option, an irrevocable trust does not allow for change in terms or beneficiaries once created, but it can allow for gifting inheritance during your lifetime, while potentially reducing estate taxes and providing guidance for your heirs.
- **Outright Transfer:** You can gift assets during your lifetime by writing a check, distributing possessions, or directly transferring property to your chosen beneficiaries. For 2026, the IRS **lifetime gift and estate tax exemption is \$15 million** per individual, up from \$13.99 million in 2025. Annual gift exclusions of \$19,000 per beneficiary as of 2025 from each donor may also help reduce estate size without triggering lifetime gifting limits.
- **Joint Ownership:** Another way to provide an inheritance during your lifetime is by adding beneficiaries as joint owners on your accounts or real estate holdings, which may automatically make them owners upon your passing while preserving the step-up in basis. However, it's important to consult an estate or tax attorney and an accountant before taking this step.

Other options for transferring assets before death include:

- Gifting cash, stocks, or other investments to family or **charities**
- Transferring a share of the family business
- Taking out a permanent life insurance policy for each child or grandchild
- Buying an annuity for a child or grandchild

## Reasons to Gift Inheritance Before Death

There are a lot of benefits to providing heirs an early inheritance. Gifting assets before your death may allow you to help your beneficiaries when they need it most, early in their careers or when raising young children. You can help adult children fund education for your grandchildren, purchase a home, or start saving young for retirement. Offering your loved ones an early inheritance also

allows you to witness the benefits of the help you're providing while you're still alive. Some clients use this opportunity to help beneficiaries with financial literacy and understanding the importance of maintaining investment accounts. This approach not only helps avoid the "lottery effect" but also encourages beneficiaries to become responsible stewards of family wealth.

## Reasons to Wait to Gift Assets After Death

While there are many valid reasons to give beneficiaries their inheritance before death, there are also important challenges to consider. Holding onto your assets may provide greater financial security in your golden years, and you should account for unexpected medical expenses, market downturns, and even a longer-than-expected lifespan. It's important to talk with your financial advisor to ensure you retain enough assets to maintain a comfortable and dignified retirement.

## How KAR Can Help with Estate Planning

A KAR wealth advisor can help you understand what assets you may want to gift during your lifetime, while your accountant can assist with Form 709 reporting should you transfer assets in excess of the IRS' annual exclusion amount. [Contact a KAR advisor](#) today for more advice on [estate planning](#).

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