

Federal Estate & Gift Tax Exemption Sunset

What is the sunset?

If you had a \$13M gift card that expired on 1/1/26, what would you do?

Right now, up to \$13.6M per individual or \$27.2M per married couple can be gifted or passed on through your estate tax-free with the federal government.

On January 1st, 2026, this number will be cut in about half, to about \$6-7M for individuals and \$13-14M for married couples, depending on inflation. Additionally, the estate and gift tax rate will be increased from 40% to 45%.



Because of this sunset, if you have more than \$7M in net worth, you have two years to get your estate in order and make strategic gifting decisions. Doing so could save millions in taxes for you and the next generation.

The estate planning and gifting process can take months, so acting now is critical. By taking action today you could have significantly more control over what you do with your hard-earned money. **Don't let your \$13M gift card expire.**

How we can help!

We have a team that specializes in estate, trust, and gift tax planning. Our experts will help you with customized gifting strategies and by adjusting your estate plans to meet specific goals while minimizing tax implications. Whether it involves trusts, life insurance, gifting business shares, or any other strategy, we can help!

See the sunset in-action on the back.

Federal Estate & Gift Tax Exemption Sunset In-Action

Let's look at how this change could affect Ole and Lena. Ole and Lena are nearing retirement from their family business and together, they are worth \$30M (including cash, investments, retirement accounts, home and cabin values, and the value of their business).

Currently, the maximum gift and estate tax rate is 40%. Ole and Lena plan to pass their entire estate to their daughter. Now, they have a choice: they can take advantage of the current tax exemption before it changes, or they can wait until after the deadline on 1/1/26. Here are the possible outcomes of this decision:



If Ole & Lena act before the sunset:

Total Net worth: \$30 million
Tax Exemption: \$27.22 million
Federal Taxes Due
After Death: **\$1.11 million**



If Ole & Lena act after the sunset:

Total Net worth: \$30 million
Tax Exemption: \$14 million
Federal Taxes Due
After Death: **\$6.4 million**

If they act now, they could save their daughter around \$5.3M in taxes that she would have to pay the federal government within 9 months of their passing. Without these savings, their daughter might have to sell the family business to cover the tax bill, which is no easy feat, especially in such a short period of time.

This is just one scenario. Maybe you don't have kids and want to send a large sum of money to charity when you pass away. At the end of the day, this is about helping you secure your legacy and making sure that your lifetime of hard work is distributed the way that you see fit.