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LEARN | Understanding the Estate Tax

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The tax code is always evolving. Wealthy clients expect help and guidance in understanding how to plan for the estate and gift taxes—and how to avoid potential missteps.

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Did You Know?

Under current law, in 2026, the combined gift and estate tax exemption will revert from current levels to \$5 million, adjusted for inflation dating from 2011 (approximately \$7 million).



Key Takeaway

By understanding the current tax system and anticipated changes, you will be better prepared to discuss tax-efficient planning strategies with high net worth clients, their attorneys and CPAs.



Combined Gift and Estate Tax Exemption*

2023 exemption for assets passed during life or upon death:

- \$12,920,000 for individuals.
- \$25,840,000 for a married couple.

Without proper planning, clients with assets that surpass these amounts can expect their estates to pay a federal tax of 40% in addition to any applicable state taxes.



Annual Exclusion

Gifts up to the federal gift tax annual exclusion of \$17,000 per recipient can be made annually without using a portion of the lifetime exemption amount.

Next Step

Identify clients who would benefit from advanced planning and be a catalyst for planning discussions with their full tax team.

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Know the Core Estate Planning Documents

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Disclosure



*Source: "Estate Tax." IRS, <https://www.irs.gov/businesses/small-businesses-self-employed/estate-tax>, Accessed May 11.

Examples provided are for illustrative and informational purposes only and not intended to be reflective of results you can expect to achieve.

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