Wealth Enhancement®

The “Death Tax”

Given the current political environment, there will be a lot of press in the next 1.5 years about the “Death Tax”. These headlines make it seem pretty serious, but in reality…estate taxes impact less than 1% of the population.

Here is what you need to know:

In 2024, estate taxes are only applied to an individual with a gross taxable estate exceeding $13.61 million. This number indexes each year with inflation. In 2026, this historically high Estate Tax exemption limit “sunsets.” If Congress does nothing, the exemption will automatically cut in half at the beginning of 2026. Current estimates are around $7 million.

So, you are probably in the clear if your estate doesn’t exceed $7 million.

If your estate exceeds $7 million, two things:

1. There are some simple estate planning techniques we can apply to manage and, in most cases, mitigate this tax, thus potentially passing more to your heirs.

2. You should take action this year or early next year. Why?

There is a great deal of uncertainty surrounding the 2024 presidential and congressional cycle.

- If the Democrats retain control of the Executive branch and gain control of the Legislative branches, the exemption would more than likely change.

- If the Legislative branch is split, expect the exemption levels to sunset and drop by half.

- If the Republicans gain control of the Executive and Legislative Branches—perhaps the high limits will continue…but it will take an act of Congress.

Estate planning professionals will be very busy under the first two scenarios in 2025.

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In other words, take advantage now while you have a chance. As always, please reach out if you have any questions.



Bob Aamodt, CFP® is a financial advisor for the Rock House Team of Wealth Enhancement.

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