Smarter Ways to Pass on Family Wealth Through Estate Planning

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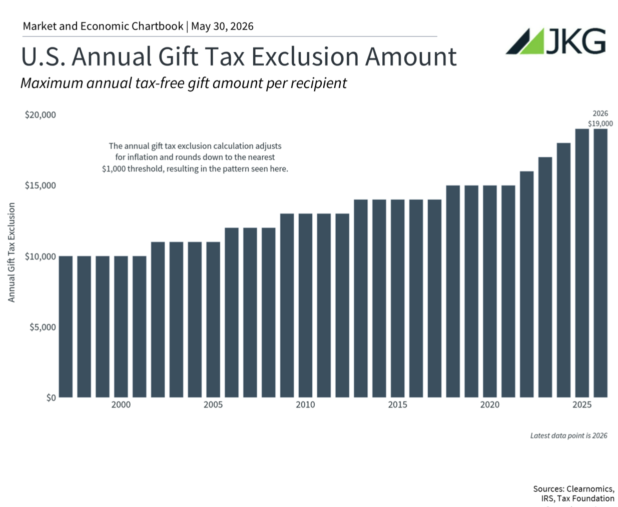
For many people, the wealth they have built over a lifetime means more than just money. It represents years of hard work and sacrifice to support a comfortable retirement and take care of loved ones. Yet one of the most important questions in financial planning is not how to grow or spend wealth, but how to pass it on in the best way possible. This requires thoughtful estate planning that covers topics like taxes, personal goals, and legacy.

Despite its importance, a 2025 survey found that fewer than one in three Americans report having a will, and more than half say they have no estate plan at all.[1] Without a plan in place, wealth that took decades to build can be reduced by taxes, legal issues, and assets going to the wrong people. A well-designed estate plan helps ensure that what you have built goes to the people and causes that matter most to you.

Building the right foundation for passing on wealth



Every estate plan starts with three basic questions: what assets are being passed on, who will receive them, and when will the transfer happen? The type of assets matters because it affects which strategies work best. Cash and investments like stocks and bonds are easy to transfer. Real estate, business ownership stakes, and other hard-to-sell assets are more complex because they are difficult to value and divide.

Identifying who will benefit from your estate is also key. Beneficiaries (the people or organizations who receive your assets) can include a spouse, children, grandchildren, other relatives, or charities. Each type of beneficiary may call for a different approach, especially when balancing the needs of a surviving spouse with the long-term interests of children or future generations.

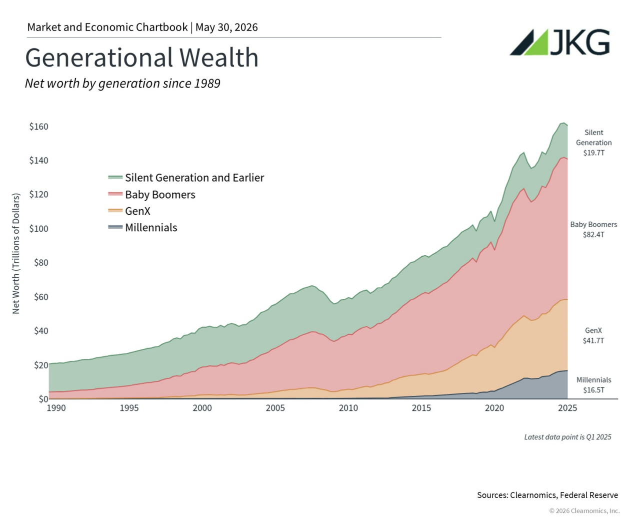
The timing of transfers is another important factor. One useful strategy is making gifts during your lifetime to take advantage of the annual gift exclusion, which is the amount you can give to someone each year without owing gift taxes. In 2026, that amount is $19,000 per recipient, or $38,000 if a married couple splits the gift.[2] Over time, this approach can meaningfully reduce the size of a taxable estate.

There are also several specific strategies available depending on your goals. To reduce the taxable value of your estate, irrevocable trusts (legal arrangements where assets are permanently transferred out of your ownership) can be useful. One example is a Grantor-Retained Annuity Trust, or GRAT, where you place assets into a trust and receive regular payments over a set period. If you outlive that period, the remaining assets pass to your beneficiaries outside of your taxable estate.

For those with charitable goals, a Charitable Remainder Trust, or CRT, allows you to provide income to a beneficiary for a set period, with the remaining assets going to a charity afterward. This approach can reduce estate value and provide tax benefits. It works especially well with assets that have grown significantly in value, like real estate or a large holding in a single stock, since it can convert those assets into a steady income stream while supporting a charitable cause.

Families that own a business face additional planning needs around continuity and liquidity. Buy-sell agreements determine what happens to ownership if an owner passes away or becomes unable to work. Life insurance can provide funds to keep the business running or buy out a departing owner without a forced sale. Family Limited Partnerships, or FLPs, allow senior family members to transfer ownership to the next generation while keeping control, and may also offer certain tax advantages and protection from creditors.

Estate planning is an ongoing process, not a one-time task



Estate planning is not something you do once and forget. It needs to be revisited as your life and the tax rules around you change. As families grow and multiple generations become involved, the planning can become more complex. For example, the Generation-Skipping Transfer Tax (GSTT) applies when assets pass to someone two or more generations younger than the person giving them, such as a grandchild, and is designed to ensure that transfers are taxed at each generation level. With careful planning, this additional tax can often be reduced or avoided.

Tax laws also change over time. Federal estate and gift tax exemptions (the total amount you can pass on without owing federal estate tax) have shifted significantly, from as low as $675,000 in 2001 to a high of $15 million per individual today.[3] The 2017 Tax Cuts and Jobs Act doubled the exemption, and the One Big Beautiful Bill made these higher thresholds permanent. State-level rules can add further complexity, since some states have their own estate or inheritance taxes with different thresholds.

The bottom line? Estate planning requires a coordinated approach designed to preserve wealth, reduce taxes, and ensure that assets reach the right people, in the right way, at the right time.

References

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2. https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax

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