

CONSIDER THE IMPORTANCE

Watching the Sunset

By Sean J. Link, J.D.

Sean Link is the Estate Planning Specialist at The LRM Group. Sean provides objective estate planning consulting to assist fee-based and fee-only advisors and firms. Sean can be reached at (412) 201-7950 or sean.link@thelrmgroup.com

As a trusted advisor, you understand the importance of estate planning for your clients. However, you may have noticed a growing trend among some clients to "wait and see" before taking action. This approach is concerning, especially with the 2026 sunset of the estate and gift tax exemption fast approaching. Let's take a look at why estate planning may be more pressing for your clients and why they should not delay any longer.

WHAT ARE WE WAITING TO SEE?

It is crucial to understand the implications of the 2026 sunset of the estate and gift tax exemption. Currently, the exemption allows individuals to transfer up to \$12.92 million in assets or gifts during their lifetime without incurring federal estate or gift taxes. This threshold is significant and allows many high-net-worth individuals to pass on their assets to their heirs without paying a considerable tax burden. However, come 2026, the exemption is set to decrease significantly, potentially leaving many clients exposed to hefty tax liabilities.

Often when having conversations with advisors and their clients, I field questions in terms of "if" the sunset happens. The appropriate response is that, absent any intervention from a sharply-divided Washington, the exemption *is* going to sunset, as it is the baked-in expiration of those provisions of the Tax Cuts & Jobs Act of 2017. Should we really be waiting to see something that is already the impending state of affairs?

WHAT BETTER TIME THAN NOW?

Supposing that a client does understand the overarching need for estate planning, one common reason why clients may delay their estate planning is the belief that they still have time. However, estate planning is not a simple process, and it takes time to implement the necessary steps effectively. These include drafting and/or updating planning documents, setting up trusts, creating gifting strategies, and more. The longer clients wait, the more rushed and potentially ineffective their estate planning may be. By starting early, clients can ensure that their estate plan is well-thought-out, meets their needs, and is appropriately implemented.

CONSIDER THE IMPORTANCE

Watching the Sunset

Another reason why clients may hesitate to plan their estate is the belief that they do not have enough assets to make it worthwhile. However, estate planning is not just for the wealthy. Regardless of the size of a client's estate, they need to have a plan in place to ensure that their assets are distributed according to their wishes. This includes appointing guardians for their children, creating a will, and designating beneficiaries for retirement accounts and life insurance policies. By taking these steps, clients gain peace of mind that their loved ones are provided for and their assets will be distributed as they intended.

WHERE DO WE GO FROM HERE?

It is essential to remember that estate planning is not a one-time event. As a client's circumstances change, their estate plan should be updated to reflect their new situation. This includes changes in their financial situation, changes in the law, and changes in their family dynamic. By regularly reviewing and updating their estate plan, your clients can ensure that it remains effective and meets their needs. Furthermore, estate plan reviews with the 2026 sunset as a backdrop provide an excellent framework to help clients understand the need to explore opportunities for proactive planning.

The urgency of estate planning leading up to the 2026 sunset of the estate and gift tax exemption cannot be understated. As advisors, it is our responsibility to educate clients on the importance of estate planning and to encourage them to act now. By doing so, clients won't have to wait and see that a plan is in place to take care of their families, their assets, and their legacies. Even if clients have previously put off estate planning, the sooner they act, the better protected they will be. Remember: *sometimes you wait too long and see too little.*

Sean J. Link, JD*

Estate Planning Specialist



www.TheLRMGroup.com info@thelrmgroup.com

*Not in the practice of law for The LRM Group

The LRM Group and its employees do not provide legal or tax advice. The information provided in this article is for informational purposes only, and should not be relied upon as legal or tax advice. You should consult with your own tax and legal professionals.