

# With Congress slow to act, financial advisors plan ahead on estate taxes

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Wealthy estates face a deadline at the end of next year under the Tax Cuts and Jobs Act that may boost, cut or keep their tax rate the same — depending on the 2024 election.

Financial advisors, tax professionals and their clients will likely be wondering how the higher exemptions to estate taxes under the law will turn out under the next Congress all the way up until the end of 2025, when that expiring provision could take center stage as lawmakers hash out complex negotiations in a myriad of areas, according to four experts. Estate taxes, [the deduction for qualified business income](#) and federal brackets represent just three of the [policy questions emanating from the many parts of the law scheduled to sunset in 2026](#).

The top federal estate tax rate of 40% currently hits client inheritances from deceased family members starting at \$13.61 million for individuals and \$27.22 million for joint filers. Those values will revert back to half the dollar amounts if Congress takes no specific action. Even though Congress will likely let as much time as possible elapse before resolving the many tax issues in play next year, advisors and tax professionals are [reminding clients that they can get ahead by preparing and planning for potential shifts well before then](#).

"Not doing anything because you don't know is a trap, and it can cost a wealthy family millions of dollars," Jack Elder, the senior vice president of advanced sales with Shakopee, Minnesota-based [CBS Brokerage](#), said in an interview. In an example of the ways that [tax and other policy debates often turn planners into political prognosticators](#) trying to figure out how the proceedings of Congress or [other branches of government could affect](#)

[their clients](#), he used the common parlance of equating Republicans with the color red and Democrats with blue. Due to the many open tax questions, even a landslide for either major party would still leave lots of uncertainty.

"We have what I call the jumbo exclusions," Elder said. "They will be cut in half unless the red team sweeps the executive branch, the Senate and the House [of Representatives] and they have enough of a sweep where they can agree to take proactive action to preserve our current situation."

If "the blue team wins any one of those" or if Republicans maintain slim majorities resembling their current one in the House, then the sunseting of the provisions would become more possible as lawmakers would struggle more to find an agreement, he added. With those scenarios and an unknowable outcome looming, Elder and the firm's advisors are guiding clients through potential ideas such as [strategic or lump-sum gifts](#), life insurance or annuities held in trusts or installment sales, he noted.

For example, a spousal lifetime access trust may help some clients' estates avoid a tax hit if the previous rates return, according to Kathleen Grace, managing member and CEO of Boca Raton, Florida-based [Fiduciary Family Office](#).

"Every single client should be talking to their estate planning attorney and tax attorney and not taking my advice without doing that first," Grace said. "We can only plan for what we have today."

At Everett, Washington-based [Helium Advisors](#), the team led by co-founder Gary Russell is aiding clients in making "more informed decisions which are less reliant on reactionary measures" because "these levels have been all over the place historically," he said in an email. Collaborating with certified public accounting teams as a kind of "quarterback" can assist advisors in finding the best estate strategy for each client, Russell said.

"It depends on the situation, but we have a team that we partner with for very large IRAs and mitigating their estate and income tax potential that can move the needle quickly," he said. "It's a complex process but the

results are noteworthy. It's both a challenge and a delight to address these complex puzzles, as there are often numerous avenues to explore. Our focus goes beyond just financial optimization; we delve into the intricacies of each client's personality and family dynamics to tailor solutions that resonate with their values and mindset."

Spousal lifetime access trusts, gifts, leveraged gifts, loans, family limited partnerships and family limited liability companies are part of "the toolbox that we have available to us" before the sunset, said Jose Reynoso, the head of personal financial planning and advance estate and tax for [Citizens Private Wealth](#).

"The deadline is real, and you shouldn't wait until the very end. What ends up happening is you need a team of advisors to execute and implement strategies," Reynoso said in an interview. "You want to be thoughtful, you want to be able to have the runways to execute strategies that make sense."

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