

Five Key Estate and Gift Tax Takeaways from the One Big Beautiful Bill Act

New legislation increases exemptions on wealth transfer taxes



On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (OBBBA) into law, enacting important changes to the federal estate, gift, and generation-skipping transfer (GST) tax landscape. With higher exemption amounts and the preservation of favorable rules around basis step-up and grantor trusts, the new law offers both opportunities and considerations for individuals and families looking to preserve and transfer wealth efficiently.

Below are our five key estate and gift tax planning takeaways to consider:

1. Higher exemptions offer relief, but don't overlook state taxes.

The federal estate, gift, and generation-skipping transfer tax exemption has increased to \$15 million per person (or \$30 million for married couples) beginning in 2026 and will increase each year thereafter adjusted for inflation. This likely means fewer families will be subject to federal estate tax. However, some states—like New York, Massachusetts, and Connecticut—still impose their own estate taxes. If you split time between states or are considering a move, domicile planning could help reduce your future tax exposure. And regardless of estate tax, income tax planning remains essential.

2. Step-up in basis still available

The rules allowing a “step-up” in cost basis* at death remain unchanged. This means that assets passed on at death will continue to receive a new basis equal to their fair market value, potentially reducing capital gains taxes for heirs. If you've done estate planning in the past and no longer expect to owe estate tax, it may be worth reviewing your trusts to see if additional planning can be done to accomplish a basis step-up at death.

3. Grantor trusts still a powerful tool

There were no changes to the rules around grantor trusts, which remain a valuable estate planning strategy. For those with existing grantor trusts, there may be opportunities to swap or substitute assets to optimize for income tax purposes—especially when thinking about basis planning.

*Cost basis is the original value of an asset for tax purposes—usually the purchase price, adjusted for stock splits, dividends, and return of capital distributions.

4. Estate freeze strategies can still make sense for some wealthy families

For ultra-high-net-worth families, strategies that “freeze” the value of your estate—so that future growth happens outside of your taxable estate—are still very relevant. Strategies such as grantor retained annuity trusts, or sales to intentionally defective grantor trusts, are still available under the new law. These techniques can help reduce future estate taxes and preserve more wealth for the next generation.

5. Portability still in place, but GST planning is key

The ability to transfer unused estate tax exemption to a surviving spouse (known as portability) remains unchanged. However, portability doesn't apply to the GST exemption. It's important to evaluate whether your estate plan is designed to optimize both exemptions, especially if you plan to leave assets to grandchildren and family members in later generations. If your plan includes formula clauses, now is a good time to review them to help ensure they still reflect your intentions and direct assets to the right beneficiaries.

As with any major tax law change, the impact of the OBBBA will vary depending on your unique financial situation, goals, and estate planning needs. We encourage you to reach out to your Wilmington Trust advisor to discuss how these updates may affect your current plan and explore opportunities to optimize your strategy moving forward.

Source: [H.R.1 - 119th Congress \(2025-2026\): One Big Beautiful Bill Act](#) | Congress.gov | Library of Congress

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