



## MEMORANDUM

**TO: VALUED CLIENTS AND FRIENDS**

**FROM: LAMBZANKEL, LLP**

**DATE: July 28, 2025**

**RE: “ONE BIG BEAUTIFUL” EXEMPTION: WHY ESTATE PLANNING STILL MATTERS**

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### **Federal Estate, Gift and Generation-Skipping Transfer Tax Exemptions**

The “One Big Beautiful Bill Act” (the “OBBB”) was signed into law by President Trump on July 4, 2025. Under the OBBB, beginning on January 1, 2026, the federal estate, gift and generation-skipping transfer tax exemptions will increase from \$13,990,000 to a *permanent* \$15,000,000 (\$30,000,000 for married couples). Thus, individuals may transfer up to \$15,000,000 during their lifetimes or upon death without the imposition of federal gift or estate tax. Individuals also may make generation-skipping transfers of up to \$15,000,000 without the imposition of tax. The federal estate, gift and generation-skipping transfer tax rate will remain unchanged at 40%.

### **Estate Planning is Still Essential**

While the OBBB offers a significantly increased federal estate tax exemption, a comprehensive estate plan remains essential for several reasons.

#### **State Estate Taxes**

Some states impose an estate or inheritance tax with exemption amounts that are substantially less than the federal exemption. By implementing strategies to reduce the taxable value of your estate, you can preserve more wealth for your beneficiaries and potentially eliminate or minimize state estate tax liability. For example, the New York State estate tax exemption for 2025 is \$7,160,000. Estates valued above this amount but below \$7,900,000 may still avoid New York State estate tax with proper estate planning. Additionally, New York does not allow portability, meaning that, unlike the federal estate tax exemption, a deceased spouse’s unused New York State estate tax exemption may not be transferred to a surviving spouse. As a result, to reduce the New York State estate tax exposure applicable to married couples, planning is

needed to utilize the New York State estate tax exemption available to the estate of the first spouse to die.

*No Assurance of Permanency*

Although the OBBB makes the federal exemption “permanent,” that permanence is only as secure as the current political landscape. Future administrations easily may revise or repeal these provisions. Thus, strategic estate planning continues to be a critical tool for reducing future estate tax liability.

*Asset Management and Protection*

Beyond tax efficiency, estate planning provides powerful opportunities to protect your assets and support your legacy. Trusts, for example, provide for assets to be managed by Trustees whom you select and offer a wide range of other benefits:

- **Revocable trusts** help avoid probate and maintain flexibility and control over your assets.
- **Trusts for children** may encourage financial literacy and a gradual transition of wealth.
- **Special needs trusts** ensure care and preservation of benefits for beneficiaries with disabilities.
- **Charitable trusts** reflect your philanthropic values and support your charitable causes over the long-term.
- **Asset protection trusts** help shield beneficiaries from creditors, including from a spouse in a divorce proceeding.

In short, while the OBBB may reduce your federal estate tax burden, it does not eliminate the need for a well-structured, forward-thinking estate plan, especially in relatively high-tax states like New York.

If you have any questions regarding your estate planning, please contact Jeffrey A. Zankel (jaz@lambzankel.com), Diane J. Moffet (djm@lambzankel.com), Gia Foster (gf@lambzankel.com) or one of our other attorneys at 631-694-2300.

THIS MEMORANDUM IS MEANT TO ASSIST IN GENERAL UNDERSTANDING OF THE CURRENT LAW. IT IS NOT TO BE REGARDED AS LEGAL ADVICE. THOSE WITH PARTICULAR QUESTIONS SHOULD SEEK THE ADVICE OF COUNSEL.