5[Date]

***Re: A sunset that may only be an unhappy beginning***

Dear [Client] –

We are all familiar with those movies where the hero rides off into the sunset having made all right with the world. But there is another sunset coming up that may spell trouble for some.

***The Federal government has a death tax.*** You’ve probably read that the death tax only affects the very wealthy. But the law is about to change on January 1, 2026, and the change will dramatically increase the number of high-net-worth taxpayers whose estates will be taxed.

***In a nutshell:*** For tax purposes, your gross estate is roughly equivalent to your net worth. Currently only those taxpayers who are worth roughly $12,000,000 or more have to worry about *the 40% estate tax on the balance*. With proper planning, married couples can avoid tax on the first death and defer taxation to the second, and then only on combined net worth over, again roughly, $24,000,000.

***But in about 1,000 days . . .*** : The amount of your net worth protected from tax will drop by 50%. Each year adjustments are made for inflation, but on 1/1/26 a taxpayer can only shelter around $6,000,000 and a married couple, again with planning, can only protect around $12,000,000.

***So why the early heads-up?*** Two groups should start planning now, because implementing tax-saving strategies (and there are several) takes time, and professional services will become overworked as the sunset draws nigh: those who are currently in danger (and have done little planning), and those who will be subject to tax under the reduced guidelines. Planning now can take advantage of the higher protection limits before the window of opportunity closes.

Attached is a simple calculation that demonstrates how a currently untaxed net worth of $10,000,000 (or $20,000,000 for a married couple) will suffer after December 31, 2025, without proper planning.

I will give you a call in a few days to discuss how you can minimize or eliminate the government’s increasing intrusion on your life’s bounty.