

Estate Planning and the OBBA of 2025

Get up to speed on the One Big Beautiful Bill Act of 2025 and what it means for your clients' estate plans. This course lays the foundation by walking through core estate planning concepts and a thorough look at the estate tax system—including how assets are taxed, key thresholds, and planning opportunities. Whether you're new to estate work or refreshing your knowledge, this course gives you the regulatory context you need to advise clients confidently in today's changing landscape.

CREDIT HOURS 2 | FIELD OF STUDY TAXES | EXAM QUESTIONS 10

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LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recall the tax changes made by the One Big Beautiful Bill Act.
- Identify the primary objectives of estate planning.
- Identify who is legally responsible for settling an estate.

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INTRODUCTION

Much of the world we find ourselves in today is defined by chaos, complexity, and a constant state of change. The IRS tax code statutes and regulations currently runs about 75,000 pages! And then there are our elected representatives in Congress who feel it's their mandate to constantly change laws and regulations. The financial markets today are complex and, in many ways, globally intertwined, making it impossible to predict how events in one part of the world may affect markets in other parts of the world. It's no wonder that so many people simply throw their hands up and focus on trying to pay their bills rather than planning for long-term events like estate, retirement, and tax planning.

In 1984, I founded The Welch Group, LLC, a fee-only investment management and financial advisory firm providing family office services to clients throughout the United States. Our 20-plus advisers and 40-plus total employees have the privilege of managing more than \$3 billion of assets for affluent client families nationwide. Our firm also works with rising professionals and entrepreneurs—typically younger people who are aggressively saving and investing for their future. We have decades of experience working with wealthy families and people determined to create massive success for themselves, their family, and their communities. The common characteristic that we find among them is that they take pride both in their financial success and in their ability to handle their finances. This course was not written just for the affluent but also for the many people who want to become affluent.

What does it take? Although you may have already accumulated a sizable estate and feel comfortable handling your investments, chances are there's a lot more you could do in the area of estate, retirement, and tax planning. Tax laws change, creating new opportunities and challenges regarding wealth accumulation and estate planning. The Trump Administration's One Big Beautiful Bill Act is the follow-up to President Trump's Tax Cuts and Jobs Act of 2017. It makes many of the most important provisions of the 2017 Act permanent (the 2017 Act was set to "sunset" at the end of 2025).

The purpose of this course is to make certain that you have taken steps to make sure your finances are in order and that you have a specific strategy in place. Whether you are a wealthy Baby Boomer (or not so wealthy) or a Generation Beta (or a generation in between) who just wants to know the basics of writing a will, how much you should be saving for retirement, or how best to cut your income taxes, this course offers valuable strategies you can use today and in the future.

As you read this course, I encourage you to keep your parents' situation in mind because some of the more advanced strategies may be more appropriate for them than for yourself. You may want to share the ideas in this course with them or, better yet, buy them their own copy. After all, you

should all share the goal of maximizing the amount of money that you can transfer to your heirs and charitable organizations.

The book begins with an overview of the most important aspects of the One Big Beautiful Bill Act (OBBBA). You will be able to use this chapter as a reference tool for reviewing significant estate and income tax laws affecting you.

Next, you will need to assess the adequacy of your current estate plan. What is the value of your total estate? You will learn how to determine your estate net worth. This is vital because knowing its value will let you define the resources available to your family to provide for their income needs should you die prematurely. Under the OBBBA, less than 1 percent of the U.S. population will be subject to the estate tax. While estate taxes may not be an issue, there remain many opportunities to reduce taxes, transfer wealth, and invest to grow your net worth.

It is also important to assess whether you are on track toward retirement— are you accumulating enough investment assets to provide you with a worry-free retirement? Studies indicate that the average working American is saving less than one-third of what he or she needs to have enough assets to maintain the same lifestyle during retirement. In some cases, this shortfall will be made up from inheritances. If you find out that you're lagging behind, this course will help you figure out how much you need to be investing to get on track, and you'll learn how to devise an appropriate investment plan. Whether you are a pre-retiree (planning to retire within 10 years), already retired, or retirement is decades away, I outline strategies you can use to create your best retirement possible.

Another key aspect of estate planning is, of course, having a will. Research indicates that two-thirds of adult Americans either don't have a will or their will is out of date. It really does matter if you die without a will! I'll show you the perils of dying without one. The resulting chaos will surprise you. You'll learn how to prepare yourself so that you can minimize the time and expense of working with an attorney.

The use of trusts is a vital part of most estate plans. You can use them to protect your children from themselves, to protect you from possible future creditors, or to save on income and estate taxes. These are powerful weapons in the war to protect your assets for yourself as well as future heirs. It is my experience that many people carry large amounts of life insurance, including their employer's group life. Utilizing some type of trust is often an invaluable estate-planning tool. You'll learn about the irrevocable life insurance trust, living trust, and other types of trusts. Be sure to read the section about the Legacy Trust: a concept you can use to create a financial safety net for future generations of family members (made famous by the Rockefellers and Kennedys).

Many of you face the difficult task of funding your children's education. You'll learn how to effectively use qualified tuition plans and education individual retirement accounts as well as

custodial accounts and minors' trusts. You'll also learn about how grandparents can be willing partners in assisting with your children's educational expenses.

If you are interested in providing financial support to a religious organization, an educational institution, or a favorite charity, you'll gain insights on the best ways to maximize the effectiveness of your donations. Often, gifts to tax-exempt organizations can solve a financial dilemma such as how to convert low-basis non-income-producing property into income-producing property while avoiding a large tax bill.

Once you have accumulated enough assets for your retirement years, you may want to shift your focus to transfer strategies for your children and other heirs. I'll outline strategies that will allow you to transfer to heirs significant wealth at a fraction of its market value while maintaining control of your property.

People who own a family business or farm often face a perilous future; this is especially worrisome because many of these individuals desperately want to ensure that the business or farm remains in the family so that it can be continued by future generations of family members. Obstacles to this goal include estate taxes and lack of liquidity. The solution is a well-developed transition plan, which is also explained in this course.

In today's litigious society, many people fear the threat of a lawsuit that will result in financial ruin. Feeling helpless, we may cross our fingers and hope it does not happen to us. A preferable approach is to be proactive. If you consider yourself a likely target, you can do many things to protect your assets. Some solutions are as simple as transferring assets to a spouse who is less at risk. Other solutions include the use of trusts, family limited partnerships, and even more exotic options such as domestic or foreign asset protection trusts. For entrepreneurs, I review the pros and cons of the various entity choices you have for operating your business.

To help you synthesize all the information in this course, the final chapter outlines financial planning strategies based on your age group: 20s, 30s, 40s, 50s, 60s, 70s and beyond, and defines where your net worth should be at each of these stages to create a successful retirement.

As you develop and implement your estate, retirement, and tax plan, you'll almost certainly need the assistance of a qualified professional. Finding the right person, someone who is truly qualified, can be a daunting task. It is one of the reasons many people fail to plan at all.

Chapter 1: THE ONE BIG BEAUTIFUL BILL ACT OF 2025

Chapter Objective

After completing this chapter, you should be able to:

- Recall the tax changes made by the One Big Beautiful Bill Act.

In December 2017, President Trump signed the Tax Cuts & Jobs Act (TCJA), which introduced the most extensive changes to the tax code in more than 30 years. Due to Senate rules, it was set to “sunset” at the end of 2025. During his 2024 campaign for president, Trump promised to make the key provisions of TCJA permanent and to introduce new tax breaks for seniors, overtime wage earners, and people who receive a substantial portion of their income from tips. The One Big Beautiful Bill Act (OBBBA), signed in July 2025, represents his attempt to keep that promise. This tax act is more than 1,000 pages long. What follows are the key provisions that will have the most impact on the typical American taxpayer. The changes are broken down into five sections:

1. Estate Tax Changes
2. Income Tax Provisions
3. Education Provisions
4. Business Taxes and Expenses
5. Investments

ESTATE TAX CHANGES

For high-net-worth individuals and families, one of the most substantial changes under the OBBBA relates to the estate and gift tax exemption. Beginning 2026, the unified estate and gift tax exemption (aka lifetime exemption) is raised to \$15 million per individual (\$30 million for a married couple). This is permanent (no sunset provision) and is indexed annually for inflation. This effectively means that 99 percent of Americans will not owe estate taxes under current law. Perhaps it is most instructive to review a comparison under prior law (TCJA) versus OBBBA. See Table 1.1 (next page).

TABLE 1.1 KEY CHANGES UNDER THE OBBBA: ESTATE, GIFT, AND GENERATION-SKIPPING TAX LAWS

Topic	Prior Law (TCJA rules through 2025)	OBBBA Rule (2026 and later)
Lifetime/Estate/GST Exemption	Exemption temporarily doubled under the TCJA (\$13.99M per person in 2025, indexed). Scheduled to sunset after 2025 to about \$7M.	Exemption set permanently at \$15M per person (2026), indexed for inflation. Applies to estate, gift, and GST taxes.
Avoidance of Sunset	Higher exemption would have expired after Dec. 31, 2025.	Sunset eliminated; high exemption made permanent.
Top Transfer Tax Rate	40% maximum rate on transfers exceeding exemption.	Unchanged; 40% maximum rate.
Portability	Surviving spouse could use deceased spouse's unused exemption (DSUE).	Rule unchanged; portability still available.
Annual Gift Tax Exclusion	Annual exclusion separate from lifetime exemption, adjusted for inflation (\$19,000 in 2025 and 2026).	Rule unchanged; continues to adjust annually for inflation.
Generation-Skipping Transfer (GST) Exemption	Matched estate/gift exclusion; would have fallen after 2025.	Aligned with new \$15M exclusion, indexed for inflation.
Other Mechanics (basis step-up, gift/estate integration)	Step-up in basis at death, unified credit, and prior gift rules apply.	No major changes under the OBBBA; same mechanics apply.

INCOME TAX PROVISIONS

Ordinary Income Tax Rates

The lower marginal income tax rates under TCJA (previously scheduled to “sunset” December 31, 2025) are made permanent under the OBBBA. They are 10 percent, 12 percent, 22 percent, 24 percent, 32 percent, 35 percent, and 37 percent. However, the income tax brackets for which the rates are applied have been expanded.