

## OBBBA Changes Create New Tax Planning Opportunities

December 17, 2025

The One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, introduced wide-ranging [tax](#) and policy changes. It contains hundreds of provisions, which address issues from clean energy to federal debt ceiling to changes to the Medicaid program. Also included are permanent changes to federal estate, and gift tax regulations, which may spur some families to reconsider their existing wealth transfer strategies.

### What does the OBBBA mean for estate planning and wealth transfer?

Starting January 1, 2026, the federal estate tax exemption permanently increases to \$15 million per individual (\$30 million for married couples).

For many families, this upward shift eliminates immediate estate tax concerns, but it also means there are new considerations about how to minimize capital gains taxes as part of your [estate plan](#).

### Why holding assets until death might make sense now

Before the OBBBA passed, estate tax exemptions were scheduled to drop significantly in 2026. Many families chose to accelerate lifetime gifts to move assets out of their taxable estates while higher exemptions were still available.

With the exemption now permanently set at \$15 million per individual, most families no longer face estate tax exposure. This turns attention to a different tax-saving mechanism: a step-up in basis.

### How does step-up in basis work?

When someone inherits assets like real estate, investment accounts, or business interests, those assets receive a step-up in basis to their fair market value on the date of death. This adjustment can significantly reduce capital gains taxes when heirs eventually sell inherited property.

Consider this example:

- You purchased your home in 1975 for \$100,000. Over the years, it has increased in value to \$1.0 million.
- If you gift the property during your lifetime, your children inherit your original \$100,000 cost basis. If they sell for \$1.0 million, they face capital gains tax on \$900,000 of appreciation.
- However, if they inherit the property at your death, their basis steps up to \$1.0 million. A sale for \$1.0 million triggers zero capital gains tax on decades of appreciation.

## **When to revisit your estate plan**

If your existing estate plan was built around minimizing federal estate taxes, it's worth scheduling a review.

Plans created when exemptions were lower (or when the 2026 sunset seemed inevitable) may no longer reflect the most tax-efficient approach for your family.

It is important to note that while the current law makes the generous exemption permanent, laws may change in the future under a new administration. Estate planning should be thought of as an ongoing process done in consultation with advisors that you trust.

Consider reviewing your plan if you:

- Made significant lifetime gifts primarily to reduce estate tax exposure
- Own highly appreciated assets like real estate or business interests
- Have trusts structured specifically for estate tax reduction
- Need to balance estate planning with Medicaid eligibility for long-term care

Contact [Nino A. Coviello](#) or [Mary Joan Kennedy](#) of Saiber LLC's Estate Planning team to review how these changes affect your specific situation and explore strategies that position your family for the most favorable tax treatment.