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LEGAL UPDATES

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Maximizing Your Wealth Transfer Potential: Updates to Gift, Estate, and GST Tax Exemptions and Annual Exclusion for 2027

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One of the most powerful tools for transferring wealth to the next generation is the strategic use of federal transfer tax exemptions. In your toolbox is the use of your lifetime gift and estate tax exemptions, which share a unified exclusion, and of the generation-skipping transfer (GST) tax exemption. While the estate/gift tax and GST tax are distinct taxes, the amount a taxpayer can exempt from the respective tax is the same.

Legislation enacted in 2010 established a $5,000,000 base amount exemption, with inflation adjustments beginning in 2012. Legislation enacted in 2017 doubled the base amount from $5,000,000 to $10,000,000, indexed for inflation. In 2025, the One Big Beautiful Bill Act increased the base amount to $15,000,000 beginning in 2026, with annual inflation adjustments beginning in 2027.

In 2026, the lifetime gift, estate, and GST tax exemption amounts available to each taxpayer are $15,000,000. For 2027, these amounts are increasing by $480,000 per taxpayer to $15,480,000, or up to $30,960,000 for married couples. It is important to note that although the current exemption framework has no scheduled sunset, Congress could change the law in the future. Individuals should review their estate plans periodically to determine how best to use the available exemptions.

Additionally, unlike the lifetime gift and estate tax exemption, which may pass to a surviving spouse through a portability election, unused GST exemption is not transferable at the death of the first spouse. The first spouse to die must

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fully utilize his or her GST exemption during life or at death or risk losing the full benefit of this valuable estate planning tool.

These are not the only threshold amounts that are increasing for transfer tax purposes in 2027. The annual gift tax exclusion offers another opportunity to transfer wealth. It generally allows a taxpayer to gift a certain amount to any number of recipients each year without using any of the taxpayer's lifetime gift and estate tax exemption amounts. In 2026, the annual exclusion amount is $19,000 per recipient or $38,000 per recipient for a married couple choosing to split gifts. For 2027, the annual exclusion amount is increasing to $20,000 per recipient, or $40,000 per recipient for a married couple choosing to split gifts.

What This Means to You

Individuals should consult with their professional advisors to assess whether additional gifts can or should be made in 2026 or 2027 for tax planning purposes.

Contact Us

For questions or assistance related to this update, please contact Rachel McCallie, Chase Duncan, Patrick Conner, or a member of the Husch Blackwell Private Wealth Team.

This article provides general legal information. It does not constitute legal advice to the reader and does not create an attorney-client relationship between the reader and Husch Blackwell LLP. The reader should seek legal advice if they have questions about how this legal information may apply to their own circumstances.

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