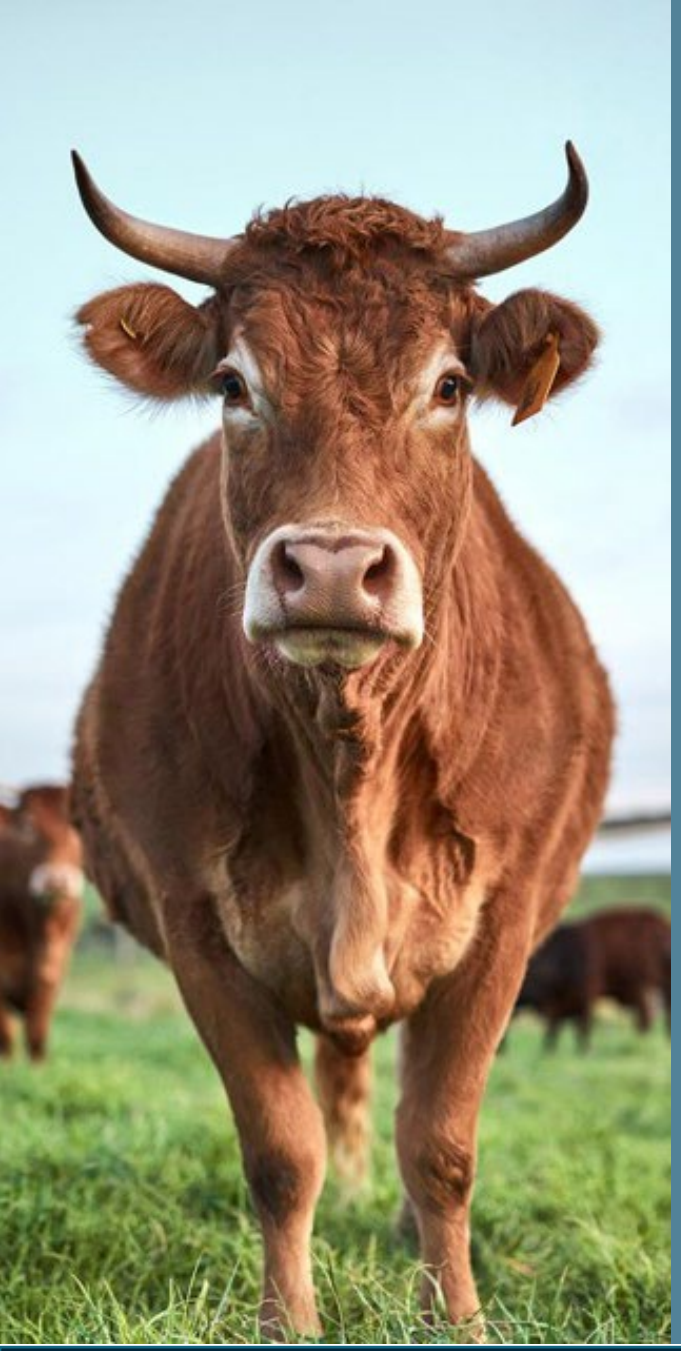


2026 Estate Tax and Planning Update

Adam J. Kantrovich, Ph.D.
Extension Specialist of Agribusiness
Clemson University
And
J C. Hobbs
Associate Extension Specialist
Oklahoma State University

September 2026

Rural Tax Education

RuralTax.org



- Website hosted by Utah State University
- Material developed, managed, and owned by the **National Farm Income Tax Committee**
- Informational Material on Ag, Timber, and Rural Tax topics include but not limited to:
  - Disaster/Weather Losses
  - Treatment of Government Payments
  - Farm Losses and Hobby Rules
  - Self-Employment Taxes
  - Estate and Gift Taxes
  - Like Kind Exchanges
  - Depreciation
  - Etc...

Rural Tax Education

RuralTax.org

Content:

The Estate
Federal Estate Taxes
Federal Gift Taxes

Disclaimer

This material is based upon work supported by the U.S. Department of Agriculture, under agreement number FSA21CPT0012032. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the U.S. Department of Agriculture. In addition, any reference to specific brands or types of products or services does not constitute or imply an endorsement by the U.S. Department of Agriculture for those products or services. USDA is an equal opportunity provider, employer, and lender. Rural Tax Education is part of the National Farm Income Tax Extension Committee. In their programs and activities, the land-grant universities involved in this project do not discriminate based on race, color, religion, sex, national origin, age, genetic information, sexual orientation or gender identity/expression, disability, status as a protected veteran, or any other status protected by University policy or local, state, or federal law.

Disclaimer

- None of what is presented should be considered formal legal or tax advice
- This presentation is for educational purposes
- Consult with trusted professionals on your individual situation

Food for Thought

- Question 1: Percent of American Adults without an Estate Plan?
- Answer: 55%
- Question 2: Percent of Farmers and Agribusiness Owners without an Estate Plan?
- Answer: 64%

Top five reasons NOT to have an estate plan

5. The legislature can do a much better job allocating your property than you.
4. The court can do a much better job of picking someone to handle your estate.
3. It's not worth the hassle to choose someone to care for your minor children.
2. The government can use your estate tax money; your family and favorite charities don't need it anyway.
1. Your grieving loved ones do not need any help in looking after your affairs.

Three Assumptions

1. You will not know exactly what you have or how much it is worth when you pass.
2. No one will remember what you ***said*** – they only remember what is in ***writing***.
3. People will lose their minds with sorrow, fear, confusion, and/or greed.

Estate Planning - Introduction

- No “one-size-fits all” answer
- Things change
  - **Laws**
  - **Family situations**
  - **Property**
- Every tool has different consequences
- The choice is YOURS

Estate Planning-

Points to consider in setting your objectives

1. Provide sufficient resources so you can
   - live comfortably
   - take care of emergencies
   - cover health and long-term care needs
2. Ensure assets go where you want
3. Minimize estate settlement costs
4. Simpler goals = simpler plan

   Complex goals = complex plan
5. Things change so stay flexible
6. Enjoy the fruits of your labor

Your Estate

Everything you own and control at the time of your death.

Real Estate **Personal Property**
Investments **Business Interests**
Savings Accounts **Survivor Pension Benefits Life Insurance Proceeds (if you own the policy, it does not matter who the beneficiary is)**

Liabilities, funeral, settlement, etc. expenses are subtracted from gross value.

Introduction

Estate Taxes

Taxing the Estate

- Federal Estate Tax
- Some states have repealed their estate tax while others still impose an estate tax
- Remember: Estate Tax is levied on the decedent's estate; not on the recipient(s) of the assets.

What is a Taxable Estate?

A Taxable Estate equals:

Fair Market Value of All Property Owned
minus
Allowable Deductions

Gross Estate Appraised at Fair Market Value on Date of Death

1. Includes total real and personal property.
2. Full value of property owned in joint tenancy unless contribution existed for both parties (non-spouse joint tenants).
3. One-half value joint tenancy holdings with a spouse.
4. Life insurance owned or controlled by the decedent.
5. Taxable portion of gifts are included in tax base.

Basis of an Asset

- Usually the purchase price of an asset.
- Land – Purchase price plus expenses of purchase and the value of any improvements made.
- Machinery – Purchase price plus purchase costs less any depreciation that was allowed plus any improvements.
- Gifts received – the purchase price that the donor (giver) paid (the donor's basis at the time the gift is made gift).
- NOTE: The holding period for an asset transferred is the same as the holding period of the decedent or donor of the gift.

Estate Taxes

- OBBBA made the higher exclusion amount permanent. (removed the sunset requirement)
- 2026 Estate Tax Exclusion/Exemption
  - $15,000,000 per individual (future years are indexed for inflation).
  - $30,000,000 spouses combined (the portability rules for the Deceased Spouses Unused Exemption (DSUE).
  - Portability was made permanent
    - Executor must elect to use the portability provision on a timely filed estate tax return (Form 706).
- The estate is responsible for the estate tax owed.
- Assets are given a step-up to Fair Market Value at the date of death for the recipient of the assets.

Federal Estate Taxes

- Estate Tax Exemption/Lifetime Exclusion Amount
  - 2026 (Lifetime Exclusion Amount adjusted annually)
    - $15 million per person
    - Up to $30 million for Spouses electing portability.
  - Portability
    - Surviving spouse may use the unused portion of the deceased spouse's unused estate tax exemption (must be elected on the estate tax return).
  - Step-up in Basis to FMV as of date of death.

Federal Estate Tax Example

- An unmarried individual passes in 2026 with an estate that has a Fair Market Value of $18.0 million.
- No deductions against the estate's value exist.
- The 2026 Lifetime Exclusion Amount is $15.0 million.
- The taxable estate is $3.0 million ($18,000,000 value - $15,000,000 exclusion)

Federal Estate Tax Example with Portability

- A married individual (the husband) passes in 2024.
- The estate has a Fair Market Value of $25.0 million.
- The estate is split equally between the spouses,
  - Husband's value is $12.50 million
  - Wife's value is $12.50 million
- Husband's taxable estate calculation.
  - 2024 estate tax exemption = $13,160,000
  - FMV of husband's estate = $12,500,000
  - Husband's unused exemption = $ 660,000
    - portability is elected for surviving spouse

Federal Estate Tax Example with Portability (continued)

- In late 2026, the wife passes with an estate valued at $15.50 million (fair market value).
- Wife's taxable estate calculation.
  - FMV of wife's estate = $15,500,000
  - 2026 estate tax exemption = $15,000,000
  - Wife's estate tax before portability = $ 500,000
  - Husband's unused exemption = $ 660,000
  - Wife's estate tax liability = $ 0
    - She did not use all of husband's unused exemption

Federal Gift Taxes

- 2026: Annual Exclusion for gift tax purposes is $19,000 per recipient.
  - Donor is responsible for the gift tax owed.
  - Spouses using gift splitting, $38,000 per person who receives a gift.
  - Donor may use the estate tax lifetime exclusion amount and not pay the gift tax for gifts exceeding $19,000 ($38,000 for spouses using gift splitting).

Conclusions

- Not one correct answer!
- Things change!
- Be aware of the Federal Estate and Gift Tax rules
- If we have done a good job of Estate Planning, we will minimize estate settlement costs
  - attorney expenses
  - probate costs
  - estate taxes

Conclusions

- Be sure to take care of yourself first.
- Don’t run out of money or property.
- Make sure you make up your own mind and feel comfortable with your decision.
- Realize you will likely want to change your mind at some point in the future, so keep things flexible.

The End

Questions & Comments

Thank you for Attending!!

For any follow-up questions contact:
janet.wright@usda.gov