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PRIVATE CLIENT SERVICES 2025 YEAR-END ADVISORY

As the new year approaches, we present our annual year-end advisory for 2025. This edition highlights noteworthy estate and gift tax changes and outlines planning opportunities for year-end and beyond. We also take a moment to recognize some of our accomplishments in 2025 and provide our outlook for the new year.

2026 ESTATE, GIFT, AND GST TAX EXEMPTIONS

Federal Estate, Gift, and GST Tax

Exemption. The One Big Beautiful Bill Act (OBBBA), which was signed into law earlier this year, makes permanent certain transfer tax provisions of President Trump's 2017 Tax Cuts and Jobs Act (TCJA) that were set to expire. For example, the increased exemptions from federal estate, gift, and generation-skipping transfer ("GST") tax under the TCJA were scheduled to sunset in 2026 and drop to around \$7,000,000 per person. Now, under the OBBBA, and effective January 1, 2026, those federal exemptions will be permanently set at \$15,000,000 per taxpayer, an increase of \$1,010,000 from 2025, with upward inflation adjustments beginning in 2027. This means that, with proper planning, a married couple can shield a total of \$30,000,000 from federal estate, gift, and GST tax in 2026, and that number should continue to increase.

Of course, a client may still find significant advantages to lifetime gifting, and gifting sooner may be better than gifting later. However, for clients and planners who had been focused on making substantial gifts to "lock in" the TCJA exemptions before their expiration, we can all breathe a little easier. And with an increased exemption in 2026 (poised to increase for inflation in subsequent years), we can take more time to evaluate potential gifts.

Tax Rate. The federal estate, gift, and GST tax rates will remain at 40%.

Annual Exclusion from Gift Tax. The federal gift tax "annual exclusion" amount will remain at \$19,000 per calendar year and per donee in 2026. Accordingly, a married couple can make gifts of up to \$38,000 per calendar year per donee without using any portion of their gift tax exemptions. The exclusion for gifts made to a spouse who is not a citizen of the United States will be \$194,000 in 2026 (up from \$190,000 in 2025).

Connecticut Estate and Gift Tax Exemption

The State of Connecticut's estate and gift tax exemption will increase to \$15,000,000 to match the federal estate and gift tax exemption. The Connecticut exemption in 2025 was \$13,990,000. Currently, the tax rate on estates or gifts in excess of the Connecticut exemption is 12%.

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aphilbin@wiggin.com**New York Estate Tax Exemption and "Look Back"**

New York State's estate tax exemption (also known as the "basic exclusion amount") will be \$7,350,000 for decedents dying on or after January 1, 2026 (up from \$7,160,000 in 2025). Estates larger than the New York estate tax exemption amount are subject to a "cliff," meaning that estates worth between 100% and 105% of the exemption amount will get a decreasing benefit from the exemption, and estates larger than 105% of the exemption amount will receive no exemption from New York estate taxes. The highest New York estate tax rate is 16%. While New York does not impose a gift tax, it will add back into an estate the value of nearly all gifts made by a decedent within a three-year period of his or her death for purposes of calculating New York estate tax liability.

COMPARISON

Below is a chart comparing the estate, gift and GST tax changes from 2025 to 2026:

Tax Changes from 2025 to 2026	2025	2026
Federal Estate, Gift and GST Tax Exemption	\$13,990,000	\$15,000,000
Federal Estate, Gift and GST Tax Rate	40%	40%
Federal Annual Exclusion from Gift Tax	\$19,000	\$19,000
Federal Annual Exclusion from Gift Tax for Non-Citizen Spouses	\$190,000	\$194,000
Connecticut Estate and Gift Tax Exemption	\$13,990,000	\$15,000,000
New York Estate Tax Exemptions	\$7,160,000	\$7,350,000

LEGAL DEVELOPMENTS**OBBBA Highlights**

In addition to the increased federal estate, gift and GST tax exemptions discussed above, the OBBBA introduces several new rules, many of which could significantly affect high-net-worth individuals. A few of the notable changes include:

1. Charitable Deductions Subject to New Floor. For taxpayers who choose to itemize their deductions, donations must exceed 0.5% of the taxpayer's adjusted gross income (AGI) to qualify as charitable deductions.

2. QSBS Exclusion Increased and Expanded. The new law makes investing in qualified small business stock (QSBS) more attractive in several ways, including increasing capital gains exclusions, raising the qualifying business size limit, and adding partial benefits for shorter holding periods. [Click here](#) to listen to a podcast episode on expanded opportunities with QSBS.

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3. SALT Deduction Cap Temporarily Increased. Through 2029, the State and Local Tax (SALT) deduction cap is raised up to \$40,000 (though it is phased out for taxpayers earning more than \$500,000).

4. Rules Modified for 529 Plans. The OBBBA widened the range of qualifying tax-free distributions and increased the limits on tuition payments (from \$10,000 to \$20,000) to public, private, and religious elementary and secondary schools.

Click [here](#) to read more on the OBBBA developments.

New York LLC Transparency Act (NYLTA)

Background. New York has enacted the New York Limited Liability Company Transparency Act (NYLTA), introducing new disclosure requirements for LLCs formed or registered to do business in the state. Aimed at curbing money laundering and other financial crimes, NYLTA, which takes effect on January 1, 2026, was initially modeled on the federal Corporate Transparency Act (CTA). However, in response to legal challenges, the Financial Crimes Enforcement Network (FinCEN), tasked with implementing and enforcing the CTA, issued an interim final rule earlier in 2025 that revised the definition of “reporting company” under the CTA to mean only those entities formed under the laws of a foreign country and registered to do business in the U.S., which effectively exempted all entities created in the U.S. from beneficial ownership information (BOI) reporting requirements. As NYLTA was based on the CTA, the revised CTA definition would also have applied to NYLTA (effectively exempting entities formed or registered to do business in the state). In response, the New York Legislature passed bill SB-S8432 that updated its definitions to be independent from the definitions under the CTA. As of the date of this publication, this bill is waiting for New York Governor Hochul’s signature, and the New York Department of State has not made available to the public an official website to accept reports or provide guidance.

Reporting Requirements and Noncompliance Penalties. Absent any legislative changes, for new LLCs formed on or after January 1, 2026, a BOI report must be filed within 30 days of filing the articles of organization or an application for authority to conduct business in New York pursuant to New York’s Limited Liability Company Law. Existing LLCs will have until January 1, 2027, to submit their initial report. LLCs will also have annual compliance filings. Failure to comply with NYLTA’s reporting requirements may result in penalties, including delinquency status, suspension from conducting business in New York, dissolution of the LLC, and fines up to \$500 per day.

Next Steps. Although the New York Department of State has not yet released guidance for complying with NYLTA, and SB-S8432 has not been signed into law by the governor, the following steps are recommended to prepare for implementation:

1. Assess Entity Coverage and Exemption Status. Determine which LLCs in scope (both New York-formed and foreign LLCs doing business in New York) are “reporting companies” under current vs. prospective definitions. For exempt entities (e.g., large

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operating companies, registered investment advisers), prepare exemption attestations within 30 days of formation/qualification.

2. Identify Beneficial Owners and Company Applicants. Begin collecting information on individuals who either: (i) own/control 25% + of interests in the company or (ii) exercise "substantial control" (e.g., managing members). Also, identify the "company applicants," i.e. those that filed or directed the filing of the LLC formation or authorization.

3. Compile Required Data and Develop a Plan. Gather full names, dates of birth, current residential or business addresses and unique ID number (e.g., driver's license, passport, etc.). Develop an internal workflow and checklist for consistent collection, verification and secure recording keeping of data.

We will continue to monitor the situation and provide timely updates as guidance becomes available.

YEAR-END PLANNING OPPORTUNITIES

Utilize the Annual Gift Tax Exclusion. As many celebrate the holiday season, now may be a wonderful opportunity for giving gifts to friends and family. Under the federal gift tax laws, each individual can gift up to \$19,000 before December 31, 2025, to any number of people without exhausting any portion of his or her lifetime exemption from estate and gift tax. A married couple can gift up to \$38,000 per donee.

A donor may choose to make a gift outright to an individual or to an irrevocable trust under which the individual has certain withdrawal rights, known colloquially as "Crummey Trusts." Often, a Crummey Trust is funded with the grantor's annual gift tax exclusion for the calendar year, currently \$19,000 (or \$38,000 per married couple). For example, in 2025, a married couple can fund a Crummey Trust with 3 beneficiaries with up to \$114,000 without triggering a gift tax. Multiple generations can benefit from this mechanism in a number of ways, including removing various types of assets from the grantor's taxable estate and providing creditor protections to both the grantor and beneficiaries. [Click here](#) to read more on the benefits and limitations of Crummey Trusts.

As mentioned above, Connecticut residents should be aware that Connecticut imposes its own gift tax. However, the Connecticut gift tax annual exclusion mirrors the federal gift tax annual exclusion.

Outright gifts, gifts in trust, and any other gifts to an individual beneficiary (including, for example, to insurance trusts and 529 College Savings Plans) should be coordinated to avoid inadvertently exceeding your gift tax annual exclusion amounts.

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ANNUAL GIFTING ANALYSIS

Below is an illustration of potential gifting opportunities and potential federal estate tax savings by making use of a single donor's annual gift tax exclusion (doubled for a married couple) and appreciation on compounding gifts made to five donees over three, five and ten years.

Annual Gifting (\$19,000 to 5 Donees)	Gifts After 3 Years	Gifts After 5 Years	Gifts After 10 Years
Total Amount Gifted (and Removed from Taxable Estate)*	\$285,000	\$475,000	\$950,000
Future Appreciation Removed from Taxable Estate**	\$314,462	\$551,182	\$1,254,645
Future Potential Estate Tax Savings***	\$125,785	\$220,473	\$501,858

*Assuming an annual exemption of \$19,000 with no further inflation adjustments.

**Assuming a net annual growth rate of 5%.

***Assuming a 40% estate tax rate.

Gifting Beyond the Annual Gift Tax Exclusion to Use Record High Lifetime

Exemptions. As mentioned above, the federal estate and gift tax exemption is presently set at \$13,990,000 and will rise to \$15,000,000 per individual in 2026. Thus, you may wish to make large gifts that exceed the annual exclusion amounts to take advantage of the record high lifetime estate and gift tax exemption. Some relevant gifting strategies may include:

- 1. Spousal Lifetime Access Trusts ("SLATs").** For married individuals wishing to use their lifetime estate and gift exemption, many clients will utilize a SLAT, which is an irrevocable trust where the spouse is a permitted beneficiary. A SLAT allows a donor spouse to take advantage of the high gift tax exemption amount while removing any appreciation on the gift from the donor spouse's taxable estate. A SLAT also allows the beneficiary spouse to have continued access to the gifted trust assets, if needed. [Click here](#) to read more and [click here](#) for a podcast episode on this topic.
- 2. Dynasty Trusts.** A Dynasty Trust (sometimes also referred to as a Generation-Skipping Trust), is an irrevocable trust that continues for as long as the applicable state law allows. [Click here](#) to read more and [click here](#) for a podcast episode on this topic.
- 3. Qualified Personal Residence Trusts ("QPRTs").** A special kind of irrevocable trust, a QPRT may enable you to transfer your residence to your children (or others) at a significantly reduced value for tax purposes yet allow you to continue to live in the residence for as long as you wish. [Click here](#) to read more on this topic.
- 4. Grantor Retained Annuity Trusts ("GRATs").** If you are someone who has already made large gifts in the past and therefore has less gift tax exemption remaining, you may wish to utilize GRATs, which are excellent tools for transferring wealth outside of

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your taxable estate while using a minimal amount of gift tax exemption in the process. Click [here](#) to read more on gifting to Grantor Retained Annuity Trusts.

LIFETIME GIFTING ANALYSIS

For those looking to maximize their potential gifting opportunities and federal estate tax savings, the below illustration shows how, by removing the 2025 federal estate and gift tax exemption from a donor's taxable estate now, that donor could save on estate taxes and transfer millions more in appreciated assets to donees over time.

Investment of Gifts Using 2025 Exemption	10 Years	20 Years	30 Years
Future Accumulated Value of the Invested Gift*	\$22,788,236	\$37,119,635	\$60,463,974
Future Appreciation Removed from Taxable Estate	\$8,798,236	\$23,129,635	\$46,473,974
Future Potential Estate Tax Savings**	\$3,519,294	\$9,251,854	\$18,589,590

*Assuming a net annual growth rate of 5%.

**Assuming a 40% estate tax rate.

Gifts Not Subject to Federal Lifetime Exemption. Gifts falling into certain categories do not utilize a person's federal (or Connecticut) annual gift tax exclusion and can be made without reducing the taxpayer's federal (or Connecticut) estate and gift tax exemption.

1. Tuition Payments. A taxpayer may pay an individual's tuition without incurring any gift tax liability if such payment is made directly to the educational institution. Reimbursement of tuition expenses to the benefitted individual will be treated as a gift for gift tax purposes. While this exception only applies to tuition, funds held in 529 College Savings Plans can be used to pay other education expenses such as room and board, books, and related items. Click [here](#) to read more on funding educational expenses and click [here](#) to listen to a podcast episode on this topic.

2. Qualifying Medical Expenses. Medical expenses may be paid on behalf of an individual directly to the provider without incurring any gift tax liability. In order to qualify, such medical expenses must not be paid by an insurance company and cannot be reimbursable by insurance. Permissible medical expenses include, but are not limited to, payments for prescription drugs; expenses related to the diagnosis, cure, mitigation, treatment, or prevention of disease; transportation essential to medical care; and premiums for medical insurance. Click [here](#) to read more on paying medical expenses on another's behalf.

Gift Tax Update. Gift tax returns for gifts made in 2025 are due on April 15, 2026. You can extend the due date of your federal gift tax return to October 15, 2026, by either filing a Form 8892 to extend the time to file your gift tax return or by filing a Form

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4868 to extend the time to file your 2025 income tax return, which also extends the time to file your gift tax return. You can also extend the due date of your Connecticut gift tax return to October 15, 2026, by filing Form CT-706/709 EXT.

If you created a trust or contributed to an existing trust this year, you should direct your accountant to elect to have your GST tax exemption either allocated or not allocated, as the case may be, to trust contributions. It is critical that you not overlook that step, which must be taken even if your gifts do not exceed the annual gift tax exclusion and would, therefore, not otherwise require the filing of a gift tax return. You should call one of our attorneys if you have any questions about your GST tax exemption allocation.

Charitable Giving. For those who are charitably inclined, contributing to a charity or to a Donor Advised Fund can be a great way to both meet personal philanthropic goals and potentially receive an income tax benefit. As mentioned above, however, it is good to remember that the OBBBA now sets a 0.5% floor on charitable contributions for those who itemize their income tax deductions. [Click here to read more on the differences between a donor advised fund and a private foundation.](#)

IRA Required Minimum Distributions.

As a reminder, as of 2023, the SECURE 2.0 Act raised the age that you must begin taking required minimum distributions ("RMDs") to 73 (if you reached age 72 after December 31, 2022.) This means that if you are the owner of a qualified retirement account and you turned 73 this year, you must start to take your first RMD from your IRA by April 1, 2026, for the 2025 year and second RMD by December 31, 2026.

PRIVATE CLIENT SERVICES ACCOMPLISHMENTS**Growth in Greenwich**

We welcome **Jevera Hennessey** as a partner in the Private Client Services Department, based in our Greenwich office. A highly regarded trusts and estates attorney with deep ties to the Greenwich legal community, Jevera brings decades of experience advising individuals and families on estate planning, trust administration, and related tax matters. Her arrival adds further depth to our Chambers High Net Worth-ranked team and reflects our continued investment in serving clients across the U.S. and internationally with thoughtful, high-touch counsel.

Recognition of Excellence

Michael Clear, Chair of Wiggin and Dana's Private Client Services Department, was elected a Fellow of the American College of Trust and Estate Counsel (ACTEC), one of the most prestigious honors in the field of estate planning and trust law. ACTEC Fellowship is a peer-elected designation reserved for attorneys who demonstrate the highest level of integrity, expertise, and commitment to the profession. Michael's election reflects his exceptional leadership, strategic insight, and dedication to serving clients with excellence.

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Celebrating Year Two of the Private Wealth Blog

We are proud to mark the second year of our blog *Future Focused: Private Wealth Insights* – your trusted source of truth for the latest developments in sophisticated estate planning for high-net-worth individuals.

From domestic and international planning strategies to private wealth disputes, philanthropy, and beyond, our blog continues to offer a comprehensive suite of insights tailored to the evolving needs of private clients. Whether you're seeking clarity on complex issues or staying current with industry trends, this is your go-to destination for reliable, forward-looking guidance. [Click here](#) to check out our latest content and [here](#) to subscribe to updates.

Sophisticated Estate Planning Podcast

As we conclude the third year of our podcast *Future Focused: Sophisticated Estate Planning*, partners **Erin Nicholls** and **Michael Clear** reflect on a dynamic season of conversations exploring advanced estate planning techniques and emerging trends in the private client space.

This year, we welcomed guests from across the corporate, litigation, and practice management sectors, each bringing unique perspectives that intersect with high-level private client services and the complex needs of high-net-worth individuals. Their insights helped deepen our understanding of the broader ecosystem that supports sophisticated estate planning.

Here is a look back at some of our most listened-to episodes from 2025:

Ep. 44 - Wealth Wars: Navigating the Battlefields of Family Disputes with Partner Steve Malech	Ep. 45 - Artful Estate Planning: Strategies for Collectors with Deborah Robinson	Ep. 50 - 50 Episodes: A Lookback and Celebration
Ep. 52 - Qualified Small Business Stock After OBBBA: Key Updates and Opportunities	Ep. 53 - Elevating the Practice from Within: In Conversation with Dan Maloney	Ep. 54 - Probate Disputes: Discussing Capacity, Influence, and Fraud with Mike Kenny
Ep. 55 - It's Not You, It's Business: The Reality of Business Divorce with Joseph Merschman	Ep. 56 - Navigating Self-Dealing Rules in Private Foundations with Victoria Fiengo	Ep. 57 - Planning Strategies for Successful Business Transitions with Daniela Spanos

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This publication is a summary of legal principles. Nothing in this article constitutes legal advice, which can only be obtained as a result of a personal consultation with an attorney. The information published here is believed accurate at the time of publication, but is subject to change and does not purport to be a complete statement of all relevant issues.



The Future Focused: Sophisticated Estate Planning, podcast explores high-level estate planning techniques and trends. It is ideal for professionals in the accounting, insurance, investment, and financial planning industries since each episode will offer concise and timely information on topics that are critical to the planning they do with their clients.

Click below to **subscribe** to the podcast and get emailed new episodes as they become available, along with exclusive subscriber content.

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Awards and Recognitions

The firm's Private Client Services practice has been ranked in the elite "Band 1" in the ninth edition of the annual Chambers High Net Worth (HNW) 2025 Guide. We also were fortunate to rank among the "Best Law Firms®" nationally, as well as regionally in Connecticut and New York. "Best Law Firms®" rankings are based on an evaluation across the country through a rigorous and trusted data review process.

Several of the firm's Private Client Services Partners also ranked individually among the top "High Net Worth" practitioners, including **Michael T. Clear**, **Daniel L. Daniels**, **Jevera K. Hennessey**, **Leonard Leader**, **Vanessa L. Maczko**, **Steven B. Malech**, and **Carolyn A. Reers**.

**FINAL THOUGHTS**

As 2025 comes to an end, we recommend that you consider the planning opportunities outlined in this advisory. We welcome discussion of these strategies with you in greater detail. In the meantime, we wish you and your family the very best for the holidays and a healthy, safe, and wonderful 2026.

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Resources

Ep. 52 - Qualified Small Business Stock After OBBBA: Key Updates and Opportunities	The Big Beautiful Bill: 5 Key Takeaways	Crummey Trusts Are Not So Crummy
SLATS - Spousal Lifetime Access Trusts	Ep. 2 - SLATs and Gifting	Dynasty Trusts
Ep. 6 - Key Considerations with Generation-Skipping Transfer Tax	Qualified Personal Residence Trusts	GRATs - Grantor Annuity Trusts
3 Key Strategies for Funding Education Expenses	Ep. 14 - From Cradle to College: Strategies for Funding Education Expenses	The Gift of Medical Care - the "Med" of the "Med-Ed Exclusion
Charitable Giving Options: Donor-Advised Funds vs. Private Foundations		

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