

2026 Changes to Estate and Gift Tax Limits May Impact Your Current Estate Plan



When contemplating estate planning, it's important to be aware of estate and gift tax limits. In 2023, the amount an individual can gift within their lifetime (or upon their death), without tax consequences, is \$12.92 million. This is an \$860,000 increase from 2022. The amount typically increases each year based on inflation.

The current "high" exclusion amounts were created by The Tax Cuts and Jobs Act of 2017, which increased gift and estate tax exclusion amounts beginning in 2018 through 2025. However, on January 1, 2026, the exclusion amount will "sunset" and revert back to the 2017 amount of \$5 million, adjusted for inflation. That's a significant difference – especially considering estate taxes of 40% will be applied to anything over the threshold. Those with considerable assets may want to consider making some significant gifts before the current estate and gift tax exclusion amount drops in 2026.

Being prepared for this change is the best course of action. But take note – historically, projected drastic changes in the estate and gift tax limits have come in differently than expected. Here's a look back:

Year	Exemption Amount
2008	\$2,000,000
2009	\$3,500,000
2010	\$5,000,000
2011	\$5,000,000
2012	\$5,120,000
2013	\$5,250,000
2014	\$5,340,000
2015	\$5,430,000
2016	\$5,450,000
2017	\$5,490,000
2018	\$11,180,000
2019	\$11,400,000
2020	\$11,580,000
2021	\$11,700,000
2022	\$12,060,000
2023	\$12,920,000
2024	\$13,610.00

Sources: *Federal Estate and Gift Tax Rates, Exemptions, and Exclusions, 1916-2014 | Tax Foundation Estate Tax | Internal Revenue Service (irs.gov)*

There are also annual limits to the amount an individual can gift per year.

Year of Gift	Annual Exclusion per Donee
2011 through 2012	\$13,000
2013 through 2017	\$14,000
2018 through 2021	\$15,000
2022	\$16,000
2023	\$17,000
2024	\$18,000

Source: [Frequently Asked Questions on Gift Taxes | Internal Revenue Service \(irs.gov\)](#)

Currently, the individual exclusion amounts are “portable” amongst spouses. Under Revenue Procedure 2022-32, the surviving spouse has 5 years to make the tax portability election if an estate tax return does not have to otherwise be filed.

Don’t overlook common “gifts” for which you should file a gift tax return that counts toward your lifetime gift tax exemption. This could include house down payments given to children, a large wedding present of cash, or simply helping out family members with monetary gifts.

When it comes down to it, a well thought out estate plan enables you to limit the tax consequences to your beneficiaries. It’s hard for most of us to wrap our heads around an estate approaching the current threshold of \$12.92 million – or over \$25 million for a married couple. But if that threshold drops to \$5 million, it’s a different story. Be proactive about how your story plays out. Watch for the sunset in 2026, and be ready to act.