

BESPOKE BRIEFING



REICH FITZPATRICK PRIVATE WEALTH
GROUP OF WELLS FARGO ADVISORS

Welcome to This Month's *Bespoke Briefing*

*"The best way to predict the future is
to create it."*

- Peter Drucker

From the very first issue of *Bespoke Briefings* in January, our mission has been simple yet profound: to guide you, our valued client families, through the complex world of wealth management with clarity and purpose. We are committed to helping you live your best life, support the people and causes that matter most to you, and ensure that your wealth creates a meaningful, multi-generational legacy.

At the heart of everything we do is our proven process: **Goals, Plan, Portfolio**. This framework begins with understanding your unique goals—these are the foundations upon which we build everything. From there, we create a strategic plan designed to achieve those goals, and this plan drives how we construct and manage your portfolio. The result is a fully integrated approach that aligns with your life objectives, providing you with clarity and confidence as you pursue the future you've envisioned for your family.

The 2026 Tax Landscape: What's Changing and Why It Matters

"But in this world, nothing can be said to be certain, except death and taxes."

- Benjamin Franklin

One significant aspect of wealth management that requires our attention right now is the potential expiration of the Tax Cuts and Jobs Act (TCJA) at the end of 2025. Passed in 2017, the TCJA brought sweeping changes to the tax code, many of which have benefited ultra-high-net-worth families like yours. Unless Congress acts, these provisions will expire, reverting tax laws to their pre-2017 state.

Why should this matter to you? These changes could have material impacts on estate planning, income taxes, and charitable giving strategies—particularly for families with substantial estates or higher incomes. As your advisors, we're here to help you navigate these complexities and make informed decisions ahead of these changes, ensuring your wealth plan remains optimized for multi-generational impact.

Key Potential Changes in 2026

- **Estate and Gift Tax Exemptions**

- *Current:* The TCJA doubled the estate, gift, and generation-skipping transfer (GST) tax exemption to \$13.61 million per person (\$27.22 million per couple) for 2024.
- *Post-Sunset:* This exemption will be cut in half to approximately \$7.25 million per person (\$14.5 million per couple), and wealth transferred beyond these thresholds will be taxed at 40%.
- **Action to Consider:** Families with estates above these thresholds may want to take advantage of the current higher exemption by making significant gifts or establishing trusts before the end of 2025.

- **Income Tax Rates**

- *Current:* The TCJA reduced tax rates across income brackets, including a top marginal rate of 37%.
- *Post-Sunset:* The top marginal rate will increase to 39.6%, with other brackets also seeing rate increases.
- **Action to Consider:** You may want to explore strategies to accelerate income in 2024 and 2025 to benefit from lower rates. Roth conversions, exercising stock options, or income-shifting strategies could help mitigate the impact of higher future tax rates.

- **Standard Deduction and SALT Deduction**

- *Current:* The standard deduction for married couples is \$29,200, and the State and Local Tax (SALT) deduction is capped at \$10,000.
- *Post-Sunset:* The standard deduction will revert to \$12,700, and the SALT cap will be eliminated.
- **Action to Consider:** Consider reviewing whether itemizing deductions may become more favorable under the new rules, especially if you reside in a high-tax state.

- **Charitable Giving**

- *Current:* The TCJA allows for deductions up to 60% of adjusted gross income (AGI) for cash gifts to public charities.
- *Post-Sunset:* This limit will revert to 50% of AGI.
- **Action to Consider:** Maximize charitable contributions in 2024 and 2025 while the higher deduction limits apply.

- **Qualified Business Income (QBI) Deduction**

- *Current*: Business owners can deduct up to 20% of qualified business income.
- *Post-Sunset*: This deduction will be eliminated.
- **Action to Consider**: Business owners should review their tax strategies to maximize this benefit before it expires and explore other tax-efficient ways to structure income.

Preparing for the Future

"There is nothing permanent except change."

- Heraclitus

While we cannot predict political outcomes, the divided political environment suggests that an extension of the TCJA is far from certain. Waiting until late 2025 to make changes could result in bottlenecks, with CPAs and attorneys overwhelmed by similar requests. Acting now helps you have the time and resources to make thoughtful, well-planned decisions.

At Reich Fitzpatrick Private Wealth Group of Wells Fargo Advisors, we emphasize proactive planning. Our wealth strategists are equipped with tools like eMoney to evaluate your current financial position, simulate future scenarios, and highlight opportunities or risks. While we are not tax advisors, we work in close collaboration with your legal and tax professionals to help align your wealth plan with both your current and future goals.

Why Planning Matters

Many of our clients are deeply committed to creating a multi-generational legacy. The potential expiration of the TCJA may affect the tools available to achieve this goal. By taking action now, you can lock in favorable tax treatments before they expire, and help protect your legacy for future generations.

Next Steps

We encourage you to reach out to your financial, legal, and tax advisors to assess your current strategy and explore potential opportunities. By staying informed and taking a

proactive approach, you can navigate these changes and continue building a lasting impact.

Potential Actions to Discuss with Your Advisors:

- **Utilizing the Higher Gift Tax Exemption:** Families with estates above the current exemption thresholds may want to take advantage of the elevated exemption levels by making significant gifts before the end of 2025. By acting now, you can secure today's higher exemptions and reduce the potential for estate tax liability in the future.
- **Establishing Trusts to Capture Current Exemptions:** By making gifts to a properly designed trust, it may be possible to not only capture the current elevated exemptions but also shelter future growth of those assets from estate tax exposure. This strategy can help ensure that wealth is transferred efficiently while minimizing future estate tax implications.
- **Accelerating Income to Benefit from Lower Tax Rates:** You may want to explore strategies to accelerate income in 2024 and 2025 to benefit from current lower rates. Roth conversions, exercising stock options, or income-shifting strategies could help mitigate the impact of higher future tax rates.
- **Maximizing Charitable Deductions While Favorable Limits Are Still in Place:** Families engaged in charitable giving may want to maximize contributions in 2024 and 2025 while higher deduction limits apply.
- **Reviewing Business Income Strategies in Light of Potential Loss of the QBI Deduction:** Business owners should review their tax strategy to determine how to maximize the current 20% QBI deduction before it expires and explore other tax-efficient ways to structure income.

Feel free to contact our team to discuss how these changes might affect your wealth plan. While we cannot predict the outcome of political events, we can help you stay prepared and ensure your wealth plan is designed for long-term success.

LET'S CONNECT



Copyright © 2023 Reich Fitzpatrick Private Wealth Group of Wells Fargo Advisors, All rights reserved.

Wells Fargo Advisors does not provide legal or tax advice. Please consult your own tax advisor and investment professional before taking any action that may involve tax consequence.

Wells Fargo Advisors did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The report herein is not a complete analysis of every material fact in respect to any company, industry or security. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Any market prices are only indications of market values and are subject to change. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

Investment and Insurance Products are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

S&P 500 Index: The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.

Wells Fargo Advisors did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The report herein is not a complete analysis of every material fact in respect to any company, industry or security. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Any market prices are only indications of market values and are subject to change. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

Russell 1000® Growth Index: The Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index: The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Past performance does not guarantee future results.

Index returns are not fund returns. An index is unmanaged and not available for direct investment.

Asset allocation and diversification are investment methods used to help manage risk. They do not guarantee investment returns or eliminate risk of loss including in a declining market.

Dividends are not guaranteed and are subject to change or elimination.

PM-04092026-7169845.1.1

Our mailing address is:

1753 Pinnacle Drive

Third Floor

McLean, VA 22102

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).