

2026

Wealth Planning and Philanthropy Strategies



This year brings unique opportunities and challenges following the passage of the One Big Beautiful Bill Act (OBBA), which reshaped key provisions affecting estate planning, charitable giving, and income tax thresholds.

The OBBBA, signed into law last year, permanently extends key provisions of the Tax Cuts and Jobs Act of 2017 and introduces new measures aimed at easing the fiscal burden on individuals and estates. These changes also include adjustments to funding for certain social programs and green energy initiatives.

Throughout 2026, there are multiple strategies you might consider to help you meet your financial, wealth-transfer, and philanthropic goals:

1. Review Withholdings and Estimated Tax Payments
2. Maximize Annual Gifting
3. Plan Charitable Giving
4. Leverage the Lifetime Gift and Estate Tax Exemption
5. Revisit Wealth Strategies
6. Update Your Estate Plan
7. Assess Roth Conversion Opportunities
8. Prepare for Key Retirement Milestones
9. Coordinate with Your Advisors

Overview

The following table compares key tax provisions affecting individuals, providing a summary of the current law and new rules under the OBBBA, as well as the effective date of the changes.

Provision	Previous Law	New Law Under OBBBA	Effective Date
Gift and Estate Taxes	\$13.99M lifetime exemption per taxpayer. Exemption was set to revert to \$5M, indexed for inflation, on 1/1/2026.	Permanently increases lifetime exemption to \$15M per taxpayer, indexed for inflation annually.	As of 2026
Individual Tax Rates	Seven tax brackets with rates ranging from 10% to 37%. The top tax rate was set to increase to 39.6% on 1/1/2026.	Permanently extends the existing tax brackets and top 37% rate.	As of 2026
Qualified Small Business Stock (QSBS)	Gain exclusion is limited to the greater of \$10M or ten times basis, and stock must be held for longer than 5 years to qualify. Gross asset threshold for companies to qualify as a "small business" is \$50M.	Increases gain exclusion from \$10M to \$15M, and increases the gross asset threshold to qualify as a "small business" from \$50M to \$75M. Additionally, the required holding period for gain exclusion is reduced from 5 years to 3 years, with tiered benefits applying to those who sell within 5 years (50% exclusion benefit after 3-year holding period, 75% benefit after 4-year holding period, and 100% exclusion after 5 years).	QSBS issued/acquired after July 4, 2025
State and Local Taxes (SALT) Deduction	\$10,000 cap on deduction	Temporarily increases cap to \$40,000, with 1% adjustments from 2026 to 2029, before reverting to \$10,000 cap in 2030. Cap begins phasing down when total income exceeds \$500,000, with a floor of \$10,000.	As of 2025
Itemized Deduction Limitation	No limitation	Limits the value of itemized deductions to 35 cents (including charitable deductions) on the dollar for taxpayers in the top tax bracket (rather than their 37% tax rate).	As of 2026
Charitable Deductions	No limitation for taxpayers who itemize. Taxpayers who take the standard deduction receive no charitable deduction.	Subjects taxpayers who itemize to a 0.5% floor on itemized deductions for charitable contributions (i.e. a taxpayer with \$1M of income would not be able to deduct the first \$5K of contributions). Taxpayers who take the standard deduction can claim a charitable deduction of up to \$2,000 (married)/\$1,000 (single) for cash contributions to public charities (doesn't include donor advised funds).	As of 2026
Auto Loan Interest	Not deductible	Temporarily makes up to \$10,000 of auto loan interest deductible. Only applies to vehicles with final assembly in the U.S and excludes leased vehicles. Deduction begins phasing out when total income exceeds \$200,000 (married)/\$100,000 (single).	2025-2028 Tax Years
Senior Deduction	No prior tax provision	Temporarily provides a \$6,000 deduction for seniors over age 65. Deduction begins phasing out when total income exceeds \$150,000 (married)/\$75,000 (single).	2025-2028 Tax Years
Tip Income	Subject to ordinary income tax rates	Temporarily makes up to \$25,000 of tip income deductible. Deduction begins phasing out when total income exceeds \$300,000 (married)/\$150,000 (single).	2025-2028 Tax Years
Overtime Pay	Subject to ordinary income tax rates	Temporarily makes up to \$25,000 (married)/\$12,500 (single) of overtime pay deductible. Deduction begins phasing out when total income exceeds \$300,000 (married)/\$150,000 (single).	2025-2028 Tax Years
Trump Accounts	No prior tax provision	Allows new tax-favored accounts for those under the age of 18. Accounts are structured like an IRA with funds available after the beneficiary turns 18. Annual contribution limits are \$5,000, which includes up to \$2,500 in employer contributions (both inflation adjusted). In addition, the federal government will provide a \$1,000 contribution as part of a pilot program for beneficiaries born between 2025 and 2028.	As of 2026

Planning Strategies

1. Review Withholdings and Estimated Tax Payments

A practical but often overlooked tip is to review your tax withholding and estimated payments. Whether you're a salaried employee, self-employed, or have multiple income sources, ensuring the right amount is withheld throughout the year can help you avoid unexpected tax bills or penalties. This checkup is especially important if you've experienced changes in income, family status, or deductions, as these can significantly affect your tax liability.

For those with variable income, such as freelancers, consultants, or investors with large capital gains, this review becomes even more critical. Income fluctuations can make it easy to underpay taxes without realizing it. By proactively adjusting your withholding or making timely estimated payments, you can stay ahead of potential issues and maintain peace of mind. A quick check-in now can save you from costly surprises later.

The IRS requires taxpayers to pay taxes as income is earned. If you don't pay enough through withholding or estimated payments, you could face penalties. By adjusting your withholding, you can ensure enough tax is paid automatically, avoiding the need for quarterly estimated payments.

2. Maximize Annual Gifting

In 2026, you can give up to \$19,000 per person without incurring any federal gift tax. If you're married, you and your spouse can combine your exclusions to gift up to \$38,000 to each recipient. These gifts fall under the annual exclusion and do not reduce your lifetime exemption, which is set at \$15 million per individual in 2026.

A popular strategy is to establish gift trusts for children or grandchildren, funded with annual exclusion gifts. This approach allows you to transfer assets while maintaining control over how they are used.

In addition to annual exclusion gifts, you can also pay for tuition or medical bills for individuals directly to the institutions gift-tax-free. There is no cap on such payments, and they do not count toward your annual exclusion limit, meaning you can still gift up to \$19,000 to the same individual in the same year.

Another effective option is funding 529 education savings plans. These accounts grow tax-free when used for qualified education expenses. Unique to 529 plans, you may choose to front-load five years' worth of annual exclusion gifts into a 529 plan in a single year—up to \$95,000 for individuals or \$190,000 for married couples—using the IRS's 5-Year Election rule. This strategy allows for accelerated growth, but you cannot make additional annual exclusion gifts to the same beneficiary for the next four years.

For children with earned income, contributing to a Roth IRA on their behalf is another powerful gifting strategy. In 2026, the contribution limit is \$7,500 or the child's total earned income—whichever is less. These accounts are funded with after-tax dollars and offer tax-free growth and withdrawals in retirement, making them ideal for long-term savings.

3. Plan Charitable Giving

Charitable giving continues to play a meaningful role in year-end tax planning, with donors exploring ways to align their philanthropic goals with tax-efficient strategies. While some of the pandemic-era incentives have expired, traditional methods such as cash donations, appreciated asset gifts, and IRA-based giving remain effective tools. At the same time, donor-advised funds and qualified charitable distributions are popular for their flexibility and potential tax benefits. Understanding the current rules and opportunities can help individuals make the most of their charitable contributions.

Donating Appreciated Securities to Charity

By contributing appreciated securities directly to a qualified public charity, you can maximize the impact of your gift while benefiting from a dual tax advantage. For long-term appreciated securities (held greater than one year), you will receive a deduction based on the full fair market value and avoid paying capital gains tax on the appreciation, making it a highly efficient way to give.

Qualified Charitable Distributions (QCDs)

If you're aged 70 1/2 or older and have a traditional IRA, you can make a meaningful and tax-efficient impact through a qualified charitable distribution (QCD). This strategy allows you to donate directly from your IRA to a qualified

Planning Strategies (continued)

public charity, and the amount—up to \$111,000 per year in 2026 (adjusted for inflation)—is excluded from your taxable income. If you are married and both spouses have their own IRA, each of you can contribute up to the maximum amount annually.

QCDs can also count toward your required minimum distribution (RMD), even if your RMD for the year is less than the amount you choose to donate. While recent legislation has raised the RMD age to 73 or 75, depending on your birth year, the eligibility age for QCDs remains 70 1/2. It is important to note that you cannot also claim a charitable deduction for a QCD, but the income exclusion often results in greater tax savings than a tax deduction, particularly for those who take the standard deduction and do not itemize.

QCDs from IRAs cannot be directed to donor-advised funds, private foundations, or supporting organizations. They must go directly to a qualified public charity to be eligible for the income exclusion.

Donor Advised Funds (DAFs)

Instead of donating directly to individual charities or establishing a private foundation, donors can contribute cash, securities, or other assets to a DAF, receive an immediate tax deduction, and recommend grants to qualified charities over time. This “donate now, decide later” approach offers flexibility in both timing and impact, making it especially useful for donors looking to consolidate giving or manage tax planning. DAFs are valued for their simplicity, centralized recordkeeping, and digital convenience. Most platforms allow donors to manage contributions and grant recommendations online, while the sponsoring organization handles all administrative tasks.

4. Leverage the Lifetime Gift and Estate Tax Exemption

The lifetime gift and estate tax exemption has reached a new high of \$15 million per person in 2026, allowing individuals to transfer up to this amount during their lifetime or at death without incurring federal gift or estate taxes. For married couples, the combined exemption is \$30



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million, offering a significant opportunity to pass wealth to heirs tax-free. This exemption is part of the unified credit, meaning any portion used for lifetime gifts reduces the amount available to offset estate taxes at death. Amounts exceeding the lifetime exemption are subject to a federal estate or gift tax of 40%.

Previously, this elevated exemption was set to expire at the end of 2025 under the Tax Cuts and Jobs Act (TCJA), reverting to approximately \$5 million (adjusted for inflation). However, the OBBBA permanently increased the exemption to \$15 million per individual (or \$30 million per couple) starting in 2026, with future adjustments indexed to inflation.

The U.S. federal transfer tax system includes three key components that affect how wealth is passed on:

- Gift Tax: Applies to transfers of property made during your lifetime
- Estate Tax: Applies to the transfer of assets upon death
- Generation-Skipping Transfer Tax (GSTT): Applies to gifts or bequests made to individuals who are two or more generations below the donor, such as grandchildren

Trust-Based Strategies for Legacy Planning

Trusts remain a cornerstone of effective estate planning, offering control, protection, and long-term tax advantages.

Irrevocable Trusts

An irrevocable trust allows you to transfer assets out of your taxable estate while retaining control over how and when beneficiaries receive them. You can customize distribution terms based on age, life milestones, or specific purposes, such as education, housing, or healthcare. Once assets are placed in the trust, they are generally protected from estate taxes, creditors, and legal claims. These trusts also offer privacy, as they bypass probate and are not part of the public record.

Dynasty Trusts

A dynasty trust is designed to preserve family wealth across multiple generations. By applying your generation-skipping transfer (GST) tax exemption, you can fund a trust that avoids estate and GST taxes for decades. This strategy is especially effective when structured to last beyond the lifetime of your children and grandchildren,

allowing assets to grow and be distributed without repeated estate taxation. Dynasty trusts also provide strong asset protection and can be tailored to support long-term family values and financial stewardship.

Spousal Lifetime Access Trusts (SLATs)

SLATs are a popular strategy among married couples who want to reduce their taxable estates while maintaining some access to trust assets. With a SLAT, one spouse creates an irrevocable trust for the benefit of the other, using their lifetime exemption to fund it. The beneficiary spouse can receive distributions, which indirectly benefit the donor spouse. This approach allows couples to remove significant assets from their estates while preserving financial flexibility.

One of the key advantages of a SLAT is that it offers access to funds without compromising the estate planning benefits so long as the beneficiary spouse remains alive and eligible to receive distributions. This makes SLATs a popular alternative to more rigid structures, such as dynasty trusts, which remove assets from the donor's reach entirely. Both spouses can create a SLAT for the other spouse and use their respective exemptions.

5. Revisit Wealth Strategies

A higher-interest-rate environment may make techniques like establishing Charitable Remainder Annuity Trusts (CRATs) and Qualified Personal Residence Trusts (QPRTs) more attractive for transferring wealth efficiently.

Charitable Remainder Annuity Trusts:

A Charitable Remainder Annuity Trust is an irrevocable trust that pays a fixed annual income to the grantor or other beneficiaries for life or a set term, with the remaining assets going to a designated charity at the end. The CRAT is best funded with appreciated securities, as the trust can sell them without triggering immediate capital gains tax, preserving more value for income and charity. The IRS uses Section 7520 interest rate (which is tied to prevailing interest rates) to calculate the remainder value for the grantor's income tax deduction. You can claim an immediate tax deduction based on the current value of what will eventually go to charity (known as the remainder value). A higher rate will increase the remainder value and therefore also increase your income tax deduction.





Planning Strategies (continued)

Qualified Personal Residence Trust:

Qualified personal residence trusts are also more effective in a high-interest-rate environment. With a QPRT, you can transfer your personal residence (or vacation home) to heirs at a significantly reduced gift and estate tax cost by placing the property in an irrevocable trust while retaining the right to live in it for a specified time. After the term ends, ownership passes to the beneficiaries, and the taxable gift is discounted because you retain occupancy rights during the trust term. The IRS uses the Section 7520 rate to calculate the present value of the remainder interest that will pass to beneficiaries. A QPRT reduces gift tax because your retained right to live in the home during the trust term increases the value of your interest, which lowers the taxable value of the remainder gift to heirs.

6. Update Your Estate Plan

If you have not done so recently, it's a good idea to review your estate plan and ensure it still reflects your goals, family dynamics, and financial picture. Major life events, such as marriage, divorce, birth, and deaths, may necessitate changes to your estate plan. You also want to make sure it takes advantage of the permanently higher estate exemption amounts resulting from the One Big Beautiful Bill Act.

One of the most overlooked but critically important parts of your estate plan is your beneficiary designations. These apply to retirement accounts, like IRAs and 401(k)s, as well as life insurance policies, annuities, and any accounts with transfer-on-death (TOD) or payable-on-death (POD) instructions. It's essential to ensure they're accurate and up to date, since beneficiary designations override your will or trust, meaning the assets they apply to will pass directly to the named beneficiaries, regardless of what your estate plan says.



Planning Strategies (continued)

7. Assess Roth Conversion Opportunities

Converting pre-tax retirement assets to a Roth IRA can be a powerful strategy, especially in years when income is lower or markets have pulled back. Once converted, Roth assets grow income-tax-free and are not subject to required minimum distributions (RMDs).

Although there are no hard-and-fast rules for whether to convert a traditional IRA to a Roth IRA, a conversion usually creates the most value when you:

- Anticipate being in a higher or equivalent bracket during retirement
- Will not need to make withdrawals from the account in the short term
- Have funds available outside the IRA to pay for the conversion tax
- Plan on having a significant balance in the account to pass onto heirs

8. Prepare for Key Retirement Milestones

Keep these age-based milestones in mind:

- Age 59 1/2: You can begin penalty-free withdrawals from IRAs and 401(k)s. Consider whether it makes sense to start drawing down assets or continue growing them.
- Age 65: Medicare eligibility begins. Enroll during your initial window to avoid late penalties and explore supplemental coverage options.
- Age 70: If you've delayed Social Security, this is the age to claim maximum monthly benefits. Evaluate your income needs and tax implications.
- Age 70 1/2: You can begin making Qualified Charitable Distributions (QCDs) from IRAs, up to \$111,000 in 2026. These donations count toward your RMDs and can reduce taxable income.
- Age 73: Required Minimum Distributions (RMDs) kick in for most retirement accounts. Plan ahead to avoid penalties and manage your taxable income.

9. Coordinate with Your Advisors

Schedule time with your William Blair wealth advisor, attorney, and accountant to confirm these critical actions:

- **Gifting:** Complete annual exclusion gifts to take advantage of the \$19,000 per recipient limit.
- **Charitable Contributions:** Initiate annual donations to public charities, donor advised funds, and foundations. Implement bunching strategies to maximize deductions.
- **Tax Elections:** Review estimated payments, withholding, and any Roth conversions to avoid surprises.
- **Estate Plan Updates:** Verify that beneficiary designations and trust provisions reflect your current intentions.

Conclusion

William Blair is dedicated to helping you meet your financial and philanthropic goals with a focus on your evolving needs. Our team of dedicated wealth planning professionals and our philanthropy strategies team are here to serve you. To discuss these wealth planning strategies, please contact your William Blair wealth advisor or email PWM@williamblair.com.



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