

ONE BIG BEAUTIFUL BILL ACT



WHAT DOES IT MEAN FOR ME?

PROCINO-WELLS
& WOODLAND, llc

The **One Big Beautiful Bill Act** commonly known as OBBBA was signed into law on July 4, 2025. This new law includes significant tax legislation to examine. As it relates to estate planning and elder law, consider these key components.

Federal Estate Tax

Beginning January 1, 2026, this law permanently sets the federal estate tax exemption at \$15 million for individuals and \$30 million for married couples.

- Portability for married couples has not been interrupted.
 - High net worth married couples must file an estate tax return at the first spouse's death to elect portability and take advantage of the double exemption. Portability lets the surviving spouse keep the unused portion of their spouse's estate tax exemption. For the vast majority of estates, where the total value is far below \$15 million per spouse, no estate tax return is required.
- The exemption will adjust annually for inflation.
- It is estimated that less than 0.2% of adult decedents will be subject to federal estate tax in 2026 and beyond.
- Delaware does not have state level death taxes.
 - If a person owns real estate in another state, they should inquire with a practitioner there about whether state level estate and/or inheritance taxes will apply. In states that do impose death taxes, the exemption in those states is commonly much lower than \$15 million.

Gift Tax

The annual gift tax exclusion remains at \$19,000 per person per year.

- Donors may give \$19,000 per donee annually without having to report the gift.
 - If donors give more than the annual amount to any one person, a gift tax return should be filed. While gift taxes will not be owed, the excess will reduce the overall exemption of \$15 million per donor (beginning in 2026).
- Experts predict the exclusion to increase to \$20,000 per person per year in 2026.

For many clients, **OBBBA** will not impact their existing estate plan, or future elder law needs. As always, we recommend seeking personalized advice from tax and financial planning professionals to explore further.

Notable Provisions:

- Social Security income will not be reduced as a result of the Act.
- Through 2028, many seniors will be eligible for a "bonus" deduction. A married couple, both over 65, could see a standard deduction total of \$43,500 in 2026. According to the Council of Economic Advisers, this means around 88% of seniors won't owe federal taxes on their Social Security benefits. Visit with your tax and financial planning professionals to learn more.
- This law does not change Medicaid regulations that govern long-term care eligibility rules including lookback periods and asset limits.