Asset Strategy

Helping You Create, Manage, Protect, & Distribute Wealth®

2026

LEGACY & ESTATE PLANNING

(UNDERSTANDING THE BASICS)

Introduction

Estate planning is very important aspect of retirement planning for many reasons.

You've worked hard for your money and want to see your children and grandchildren benefit. You also want to see it passed down in the most efficient way possible.

Unfortunately, **costly mistakes are all too easy to make**, from forgetting to name a beneficiary on your retirement account to not updating your estate plan over time.

Estate planning is meant for all people who wants their wishes to be honored after their passing, and not just the wealthy.

However, your legacy is not just about increasing the financial wealth you hope to pass on to future generations. It also involves preparing your family for the wealth they may receive and understanding what wealth means to individual family members and to the family as a whole.

Keep reading to learn about the basics of estate planning and what you should consider when creating yours.

Asset Strategy

Multi-Generational Estate Planning

Baby Boomers and the generations immediately before them hold a historically large share of U.S. wealth, and analysts continue to project one of the largest intergenerational wealth transfers in history. Recent industry estimates suggest that roughly **$84 trillion** in wealth is expected to pass from the Silent Generation and Baby Boomers to younger generations *(primarily Gen X, millennials, and Gen Z)* through around 2045, representing an unprecedented shift in financial resources.[1.]

Multigenerational living arrangements are significantly reshaping family structures. Recent demographic trends show that nearly **25%** of Americans now live in a household with multiple adult generations under one roof, with over **66 million** adults living in multigenerational homes as of 2025. This reflects continued growth in extended family living driven by economic pressures, caregiving arrangements, and housing affordability challenges.[2.]

In many families, grandparents help with childcare, adult children return home to share expenses, and families adapt housing to support aging parents. These living arrangements reflect broader economic and demographic shifts.

Multigenerational legacy planning should involve all those who will be part of your legacy plan. Effective planning helps ensure that these arrangements support family cohesion and respect the goals of each generation. It also requires a cross-generational understanding of what financial resources mean to individual family members and to the family as a whole, including how wealth transfer, caregiving roles, and homeownership expectations intersect across age groups.

3 Questions on Multigenerational Legacy Planning

What does my family want to do with the wealth?

- Whether your priorities include near-term cash flow, long-term wealth transfer, family governance, or philanthropic impact across generations, **clearly defining your objectives** is the first step in building a thoughtful legacy plan.
- Families who successfully navigate generational transitions tend to share one common trait: **trust**. That trust is developed through open, respectful, and ongoing conversations, especially as family structures, expectations, and roles continue to evolve.

How do I combine values and wealth to create a lasting legacy?

- Before defining your legacy, take time to reflect individually and as a family on **what truly matters**.
- Ask meaningful questions, listen carefully to different perspectives, and recognize that values may differ across generations.
- These conversations can be sensitive, but they are essential. Thoughtful dialogue around **values**, **purpose**, and **aspirations** helps create a wealth plan that is financially sound and aligned with what your family wants to stand for today and in the future.

Does my legacy plan align with my vision?

- Strategic legacy planning connects your values and long-term vision with your investment strategy, estate planning, and broader wealth plan.
- Families with successful legacy plans tend to follow two best practices:
  - **1) They communicate early and consistently**: Successful families establish regular, intentional conversations around wealth, responsibility, and expectations. These discussions evolve over time and allow each generation to understand not only how wealth will transfer, but why decisions are being made.
  - **2) They integrate planning across disciplines**: Effective legacy plans align investment management, tax planning, estate strategies, and family goals into a coordinated approach. This integration helps reduce friction, avoid unintended outcomes, and ensure the legacy plan remains adaptable as family circumstances and laws change.

More in Taxes Could Mean Passing on Less $$$

- Starting January 1, 2026, the federal lifetime gift and estate tax exemption amount is **$15 million** per person. This adjustment allows individuals to transfer up to $15 million tax-free during their lifetime or at death. Married couples can combine their exemptions to transfer up to **$30 million** without federal gift or estate tax.

- The annual gift tax exclusion amount for 2026 remains **$19,000** per recipient. This means individuals can gift up to $19,000 to any number of recipients in 2026 without incurring gift tax or needing to file a gift tax return. For married couples electing to split gifts, the combined exclusion amount is **$38,000** per recipient.[4.]

- The federal estate tax rate on amounts exceeding the exemption continues to range from **18% to 40%**, with the highest marginal rate applying to the largest taxable estates. High-net-worth individuals can use proactive lifetime wealth transfer strategies, such as gifting, trusts, and charitable planning, to reduce the size of their taxable estates and potentially limit exposure to the top federal estate tax rate.

Example:

A husband and wife can both make $19,000 in gifts. So, as an example: A couple could make $19,000 gifts to each of their four grandchildren, for a total of $152,000, so long as you never exceed the lifetime giving exemption amount.

Husband:
$19,000 x 4 Grandchildren = $76,000
+
Wife:
$19,000 x 4 Grandchildren = $76,000
= $152,000

ASSET STRATEGY

8 Strategies to Protect Your Legacy

1) Reduce your taxable estate through lifetime gifting

Strategic lifetime gifting allows you to transfer assets out of your estate while taking advantage of annual gift tax exclusions. Over time, this approach can meaningfully reduce estate taxes while providing financial support to family members during your lifetime.

2) Remove life insurance proceeds from your estate using an Irrevocable Life Insurance Trust

An irrevocable life insurance trust can hold an existing or newly issued policy so that death benefits are generally excluded from your taxable estate. Proper planning is required, as policies transferred within three years of death may still be included in the estate.

3) Transfer a primary or secondary residence using a Qualified Personal Residence Trust

A qualified personal residence trust allows you to move a residence out of your estate at a discounted value while retaining the right to live in the home for a specified period. This strategy can be particularly effective for appreciating real estate.

4) Shift appreciating or income-producing assets using a Grantor Retained Annuity Trust or Unitrust

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Asset Strategy

8 Strategies to Protect Your Legacy

5) Centralize and protect family assets through a Limited Liability Company or Family Limited Partnership

Family entities can facilitate tax-efficient transfers to children while providing asset protection, centralized management, and potential valuation discounts for estate and gift tax purposes.

6) Convert appreciated assets into income through a Charitable Remainder Trust

A charitable remainder trust allows you to diversify highly appreciated assets without immediate capital gains tax, generate lifetime income, reduce estate taxes, and ultimately benefit a qualified charity.

7) Transfer wealth to future generations using a Charitable Lead Trust

A charitable lead trust directs income to a charity for a set period, after which the remaining assets pass to loved ones, often at a reduced gift or estate tax cost.

8) Use life insurance to create liquidity, replace charitable gifts, or fund estate taxes

Life insurance owned by an irrevocable life insurance trust can provide tax-efficient liquidity to pay estate taxes or replace assets donated to charity, helping preserve family wealth across generations.

In the end, there are many different strategies for HNWI to properly manage and transfer their estate. But, if not planned for carefully, estate taxes could end up diminishing the value of your estate for your beneficiaries.

If you have any questions about estate and legacy planning, feel free to reach out to our team.
Set up a 15-Minute Discovery Call at:
www.assetstrategy.com/contact

www.assetstrategy.com
781-235-4426
info@assetstrategy.com

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All guarantees are based on the claims paying ability of the issuer. Life insurance policies are subject to eligibility requirements and restrictions and may not be right for everyone. Accessing cash value will reduce the death benefit and policy values and may be taxable. Some life insurance benefits may require additional riders and may be subject to additional costs.

Charitable Remainder Trusts (CRT) is irrevocable and typically requires a donation of substantial assets. Legally, individuals no longer have control of the assets in the trust. Distributions from the CRT to the income beneficiaries might be taxable as ordinary income. Depending on the amount of assets donated, individuals may not be able to take the full tax deduction in the same year as the donation, however, it can be spread out over a five-year period.

Unlike a Charitable Remainder Trust, a Charitable Lead Trust is not tax-exempt. Trust income is taxed like the income of any other complex or grantor trust. CLT requires legal setup and likely ongoing maintenance costs, requires careful planning to ensure the trust can make its required payments during the trust term, and is irrevocable.

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