

There are estimates of trillions of dollars in assets that must transition from the baby boomer generation to heirs or beneficiaries. This creates tremendous opportunity to generate revenue through estate taxes, perhaps off-setting government spending on covid relief and infrastructure. The estate tax has flown under the radar for many as the tax takes effect at an estate valued at \$23mm for married couples, taxed at 40% above that amount. President Biden appears to be gravitating toward returning to the estate tax levels under President Obama -- \$7mm for a married couple taxed at 45% above that amount. Assets with significant gains such as equity positions held over years and residential properties passed to heirs and beneficiaries will be under a microscope on how to minimize estate and capital gains taxes.

- Perhaps even greater impact than the estate tax itself may be the potential removal of the step up in cost basis on inherited assets.
- Housing may be impacted as a result of gains potentially being taxed at the original cost basis of the home, rather than the stepped-up cost basis
- Gifting of assets is a likely strategy to potentially mitigate changes in the estate tax.
- The potential removal of the stepped up cost basis may preclude beneficiaries from selling securities in order to avoid significant tax consequences.

