Transferring wealth and making gifts in today's planning environment: What to know before you act.

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If you're considering gifting assets or transferring wealth to your family or other beneficiaries, you're not alone — and you're stepping into a planning landscape that has changed significantly in recent years.

The gifting decisions you make today aren't just about taxes. They're about your lifestyle, your family relationships, your business (if you own one), and the legacy you want to create.

Done thoughtfully, gifting and wealth transfer strategies can provide meaningful benefits to the people and causes you care about most. But getting it right requires a clear understanding of both the opportunities and the tradeoffs.

Why wealth transfer planning feels different today

Several important shifts are shaping today's planning options:

- Tax rules continue to evolve, especially around retirement accounts and estate planning. The three big tax laws that affect gift strategies are commonly referred to as the SECURE Act (2019),[1] SECURE 2.0 (2022),[2] and the OBBBA (2025).[3] These federal regulations affect both how donors and donees are taxed and the planning techniques used in wealth transfer strategies.
- Planning strategies have become more sophisticated and, unfortunately, more complex. To get the maximum value out of gifting techniques, you now have to do more than just write a check.
- Consumers today have far more access to information, and thus more involvement in making decisions, than previous generations. The advent of artificial intelligence (AI) has provided tools that can help you understand concepts and work better with your advisors in implementing strategies.

In other words, you have more options, strategies, and information available than ever before. But with that flexibility comes complications. The key is not simply acting, it's acting with informed intention and getting help when you need it.

Start with your personal goals

Before choosing specific gifting strategies, it's important to ask a fundamental question: **What do you want your wealth to accomplish?**

This is your hard-earned wealth, and you're exploring ways to give some of it away. How you do it affects how efficient you are in giving and how valuable the gift becomes.

For most people, gifting and wealth transfer are about balancing a few core objectives:

- The enjoyment of watching the use of wealth during the donor's lifetime.
- Helping children or family members now rather than waiting until later.
- Leaving a legacy by preserving assets for future generations.
- Supporting charitable or philanthropic causes.
- Ensuring a smooth transition of a business, if applicable.

These goals can sometimes pull in different directions. For example, gifting assets now may benefit family members sooner, but it also may reduce your own financial flexibility.

Similarly, gifting interests in the family business could cause issues of control and equity between children.

Choosing the right strategies will not eliminate the trade-offs involved in accomplishing differing goals, but by working with your advisors, these strategies will help you prioritize your objectives and ensure efficiency in transferring your wealth.

Factors that shape the right plan for you

Once you have your goals defined, the next step is understanding what will influence your gifting strategies. The right approach depends on the following factors.

- **How much influence you want to maintain** over assets you give away.
- **Your current and future income needs.**
- **Tax implications -** not just income taxes, but possibly also gift and estate taxes.
- **Age and timing -** this includes both your age and the age of beneficiaries, as well as when you want the gift to be accessible by the beneficiary .
- **Whether a business is involved** and whether the beneficiaries are involved with the business.
- **Your family dynamics and the financial sophistication of heirs.**

Another factor to consider is your personal level of wealth. The most effective gifting strategies will vary depending on whether you're middle class, affluent, or wealthy. This is because taxes and other laws have differing effects depending on the level of assets and income you control.

There is no universal "best strategy," and in some cases you may end up using more than one approach. What is important is that your plan reflects your personal circumstances and is flexible enough to evolve over time.

If your situation is relatively simple

If you're in the early stages of building wealth or your assets are more modest, gift planning should focus on simplicity and protection.

Common approaches include:

- Gifting for the future through education savings plans (such as 529 plans).

- Either making direct transfers to adult beneficiaries or using Uniform Gifts to Minors Act (UTMA) gifts as a custodian.
- Setting up trusts for specific situations such as for special needs or spendthrift beneficiaries.

Often the biggest risks come from unintended consequences. For example:

- Giving assets outright without considering how they'll be used by the beneficiary.
- Creating tax issues for your heirs down the road.
- Granting authority (such as a power of attorney) without proper safeguards.
- Depleting your own wealth and becoming dependent on your children.

In these cases, a simple but well-structured plan is usually more effective than something overly complex.

As your wealth grows, so do your options

If you've built a higher level of wealth, particularly if you're investing heavily or own multiple types of assets, you have access to a broader range of strategies.

At this stage, planning often focuses on:

- **Trust structures** that allow you to transfer wealth while maintaining some oversight (such as a living trust or spendthrift trust).
- **Tax-efficient gifting strategies** to minimize erosion from taxes, including gifting income producing property or low tax-basis assets.
- **Charitable giving tools** that allow you to support causes while managing your tax exposure.

You may also begin thinking more carefully about how your wealth flows across generations rather than just making individual gifts. What gifts can you make now that leave a legacy for the future?

The key shift here is from simply gifting assets to structuring how and when wealth is transferred. For example, you may want to place your life insurance policy in a trust to remove it from your taxable estate. Or you might make charitable gifts using a donor advised fund in order to time income tax deductions.

For business owners, planning becomes even more important

If part of your wealth is tied to a closely held business, your strategy becomes more complex and more important. You may need to consider:

- Who will take over the business - family member, partner, an outside buyer?
- How ownership will be transferred - gift, sale, or a combination?
- How to manage valuation issues for tax purposes?
- How to maintain income and control during the transition of business ownership?

These decisions also involve tradeoffs. For example, a lower valuation may reduce estate taxes while a higher valuation can improve income tax outcomes. Particularly if your business is family owned, you'll need to think beyond finances. Family expectations, roles, and communication often play a major part in whether a business transition is successful.

Advanced strategies: when planning gets more sophisticated

At higher levels of wealth, you may hear about more advanced tools such as irrevocable trusts, structured sales, or other transfer techniques. Terms like "GRAT" (grantor retained annuity trust) and "FLP" (family limited partnership) become part of the vocabulary, and recommendations may include "intentionally defective" trusts.

These sophisticated tools require professional advice and ongoing monitoring.

Overall, however, these strategies are designed to help you:

- Move assets out of your taxable estate, particularly through the use of annual exclusion gifts.
- Transfer future growth to the next generation, for example using GRATs, IDGTs (intentionally defective grantor trusts) and FLPs.
- Maintain privacy, asset protection, and flexibility, primarily using trusts.
- Reduce overall tax exposure for you and your family.

While these tools can be powerful, they also introduce significant complexity and they must be carefully tailored to your situation.

The most important question isn't "what's the most advanced strategy?" It is what strategy best supports your goals while remaining manageable and understandable.

One of the biggest decisions: Give now or later?

A central decision in gifting strategy is to decide when to transfer wealth. Giving assets during your lifetime can:

- Help beneficiaries when they may need it the most.
- Reduce your taxable estate and conserve wealth for future generations.
- Allow you to see the impact of your gifts.

However, holding assets until death can:

- Provide potential tax advantages through a step-up in tax basis at death.
- Preserve flexibility and control of your wealth during your lifetime.

There's no one-size-fits-all answer. For example, some may want to gift high appreciation assets now to avoid gift and estate taxes, while others may want to transfer these assets at death in order to reduce the beneficiary's income taxes.

The right choice depends on your financial needs, your tax exposure, and your long-term objectives.

Small decisions can have big consequences

One of the most overlooked aspects of wealth transfer is execution. The details matter, and mistakes can be costly.

For example:

- Gifting a tax loss asset is usually a bad idea.
- Whether you itemize deductions can significantly change the tax outcome of a charitable gift.

- How assets are titled or owned can affect who ultimately receives them.

These aren't just technical issues. They can materially impact the results of your plan and the achievement of your goals. Furthermore, planning doesn't end after you make a gift. A well-executed plan should include:

- Proper documentation and filings (such as funding a living trust or filing a gift tax return).
- Accurate valuation of transferred assets, particularly closely held business interests.
- Regular review of beneficiary designations to avoid unexpected probate costs.
- Adjustments to gifting plans as tax laws and your personal situation change.

You may also need to consider how your plan affects minor beneficiaries, family members with special needs, and assets located in different jurisdictions. Seemingly small details can have outsized consequences.

Why coordination matters

You don't have to navigate this alone, nor should you. You also shouldn't rely on just one perspective.

Effective wealth transfer planning typically involves coordination among:

- Financial and insurance professionals,
- Tax professionals, and
- Attorneys.

These professionals not only help ensure that your plan is aligned across all areas but also can offer improved results when worked in tandem. Help your advisors help you by encouraging professional coordination.

1 Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, Pub. L. No. 116-94, Div. O (Dec. 20, 2019).

2 SECURE 2.0 Act of 2022, Division T of the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328 (Dec. 29, 2022).

3 One Big Beautiful Bill Act, Pub. L. No. 119-21 (July 4, 2025).

About the author

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