

## ESTATE PLANNING CLIENT ADVISORY Summer 2026

The Law Office of Robert H. Eardley, P.A. is pleased to provide this *Estate Planning Client Advisory*.

**Federal Tax Updates & Recent Developments:** Last summer, President Trump signed into law his One Big Beautiful Bill or “OB BB.” A refresher on some of its highlights and other tax updates is provided below.

1. **Exemptions Increased to \$15 Million on January 1st.** Before OB BB’s enactment, the estate tax exemption was scheduled to revert last year to \$5 million. Importantly, OB BB permanently increased the base estate, gift and GST exemptions to \$15 million apiece, while maintaining the 40% tax rate. Consequently, a married couple may exclude \$30 million before triggering estate or gift tax. Also, the \$15 million amount is adjusted annually for inflation, and experts estimate the 2027 adjustment will range from \$300,000 to \$600,000.

**PLANNING OPPORTUNITY:** *Individuals and married couples with a net worth of up to \$15 million and \$30 million, respectively, with complex estate tax reduction plans should consider the viability of simplifying their plans in light of the higher exemption amount.*

2. **Northern State Property Owners – SALT Deduction to Expire.** The 2017 Tax Act capped the state and local tax (“SALT”) deduction at \$10,000. The SALT deduction allows taxpayers to deduct state and local taxes (such as property taxes) on the federal 1040. Importantly, OB BB temporarily increased the SALT deduction to \$40,000 through 2029. Consequently, if the \$40,000 SALT deduction lapses in 2030, those with a high-value residence in a northern state should be prepared to pay more federal income tax.

3. **The CCRC Deduction – A Tax Boondoggle?** Many in Florida utilize a Continuing Care Retirement Community (or “CCRC”) in their senior years. Well-known CCRCs in this area include *Moorings Park, The Arlington, Siena Lakes and Bentley Village*. An often overlooked CCRC tax benefit is that a significant portion of both (a) the entrance fee, and (b) the monthly fee, are deductible medical expenses if exceeding 7.5% of AGI. This is because a CCRC is a medical facility. And the deduction applies even while living independently and not using health services!

Annually the CCRC determines the percentage of its costs allocable to medical activities. With that percentage, the deductible amount is then calculated and provided to residents.

**EXAMPLE:** *After Mr. Arnaz’s death, widow Lucy pays a 1-time \$500,000 non-refundable entrance fee to Moorings Park. Lucy’s AGI is \$200,000 (7.5% is \$15,000) and the CCRC’s medical allocation is 45%. Lucy’s deductible medical expense is \$210,000 (\$225,000-\$15,000).*

4. **IRA Qualified Charitable Distribution Amount Increased to \$111,000.** The SECURE 2.0 Act of 2022 provided for annual increases to the \$100,000 base for RMD amounts payable directly from an IRA to charity (a “Qualified Charitable Distribution” or “QCD”) without reporting this as income on the tax return. For IRA owners age 70½ or older, the 2026 QCD maximum is now \$111,000. A QCD reduces overall income taxes as compared to withdrawing IRA funds and then giving the funds to charity.

**PLANNING POINTER:** *For those subject to mandatory IRA withdrawals, the first source for charitable gifts should be the IRA.*

5. **Reminder – Use Long-Term Appreciated Stock for Charitable Gifts.** For the charitably inclined, using appreciated stock should be on the short-list! This is because a donor can deduct the full fair-market value of appreciated long-term stock while entirely avoiding income tax.

**EXAMPLE:** *Sheriff Taylor bought 100 shares of Amazon years ago for \$5 a share (total cost \$500) and now Amazon is \$270 per share (total value \$27,000). If Andy sells the stock, he will pay \$5,400 in tax and only have \$22,600 left to give to the Mayberry Deputies Benevolence Fund. However, if he donates the 100 shares directly (a) Andy receives a tax deduction for \$27,000, (b) pays no income tax, and (c) the charity then sells the shares and keeps the entire \$27,000.*

**Note:** *The deduction is capped at 30% of AGI but any excess deduction over the AGI limit may be carried forward for 5 years.*

6. **ObamaCare Surtaxes Expand to Middle Class.** Tax components of ObamaCare are (a) a 3.8% surtax on net investment income, and (b) a 0.9% surtax on earned income, with a \$250,000 filing threshold for couples. Though intended in 2010 to be taxes on the “rich”, the thresholds do not include inflation adjustments. This results in increasingly more middle-class taxpayers paying the taxes. Interestingly, ObamaCare taxes affected only 3.1 million filers in 2010 but has ballooned to about 8 million.

**CAUTION:** *The 3.8% surtax applies to gains from the sale of a primary residence in excess of the \$250,000 (single) or \$500,000 (married) exemption thresholds.*

**Naples Couple Taxed as NY Residents – Be Cautious:** In 2014, John and Kathleen Hoff purchased a condo on Gulf Shore Boulevard in Naples, and made it – so they thought – their domicile in 2018. The Hoff’s moved their valuables to Naples, obtained Florida drivers licenses, registered to vote and hunt, and opened new bank accounts. Then in 2021, New York dropped a \$60,000 income tax bill on the Hoff’s – asserting that they had too many ties with New York to prove that their domicile was Florida. Their tax assessment was upheld late last year in a 24-page ruling by the state’s Tax Appeals Tribunal.

The Hoff case is a good reminder to snowbirds to be vigilant to ensure a secure Florida tax residency.

**A Cautionary Tale – Funding A Murder Defense With Trust Funds:**

Many believe that setting aside funds in trust for an heir’s “support” is a good thing – and often it is. But great thought is required to tailor the trust fund to the heir’s situation – as is seen in the tragic case of Rob and Michele Reiner. Last year, the Reiners were stabbed to death by their 32 year-old son Nick. Experts label Nick with “enraged offender profile” – often characterized by substance abuse and underlying anger, and exacerbated by over-indulgent parenting. According to *International Business Times*, Nick struggled to establish his own career, felt overshadowed by his father and grandfather (Carl Reiner), and resented his father for his success. Further, Nick had been in rehab 18 times by age 16.

Unbelievably, Nick is now suing to have the trust his parents created for him release funds to hire high-powered defense attorney Alan Jackson in place of his current public defender. Sadly, the Reiner trust provides a stark reminder of the great caution needed to create a trust for a “troubled” heir.



**State & Local Updates:** The following is a survey of noteworthy issues unfolding across the country.

1. **Blue States' Outbound Income Migration.** A recent *Wall Street Journal* article entitled "The High-Tax Wealth Flight Continues" discussed recent IRS data showing that states with high taxes are losing the most taxpayer income to other states. Currently, the top losing states are California and New York, dropping \$11.9 billion and \$9.9 billion in outbound AGI, respectively. The biggest winners in interstate AGI migration are Florida, Texas, Tennessee and Nevada, with a combined AGI inflow of about \$31 billion.

And if the blue state out-migration is not corrected, *The Wall Street Journal* predicts that the 2030 Census will result in Democratic controlled states losing at least 10 Congressional seats. The biggest gainers would be Texas and Florida with 7 combined seats. And California and New York would collectively drop 6 seats.

2. **California's Continuing Economic Decline.** In November, California voters will decide if the state will enact the "2026 Billionaire Tax Act" – which would impose a one-time 5% tax on residents with a net worth in excess of \$1 billion. And the results thus far are not surprising.

According to *The Wall Street Journal*, at least 6 billionaires have already exited for greener tax pastures, including Mark Zuckerberg to Florida and Elon Musk to Texas, removing a total net worth of nearly \$2 trillion. Also, former Californians such as Google co-founder Sergey Brin are driving up prices of homes on the Nevada side of Lake Tahoe. Reports indicate these homes carry a 20% premium over the California side.

Further, after emerging from bankruptcy, *Bed, Bath & Beyond* (now *Beyond Inc.*) announced that it would not have stores in California. Executive Chairman Marcus Lemonis stated "[t]he decision isn't about politics – it's about reality. California has created one of the most overregulated, expensive and risky environments for businesses in America."

And not to be outdone, the Los Angeles City Council approved a minimum wage increase for hotel and airport workers to \$30 per hour by 2028. According to the *Independent Sentinel*, "[p]aying higher wages would prompt the businesses to retrench, downsize operations and abandon projects in and around the city. Unskilled labor will now make \$30 an hour."

3. **Florida Property Tax Reduction Heads to November Ballot!** In June, the Florida Legislature approved the "Save Our Homes from Excessive Property Taxes" provision for the November 3rd ballot. If passed, this Constitutional amendment would:

- Increase the homestead exemption to \$250,000 by 2028
- Require the Legislature to develop a schedule to eliminate homestead property taxes
- Not reduce school taxes

But all may not be roses. According to *Forbes.com*, "a homeowner may see a headline tax cut on the Trim notice, only to absorb much of it back through new or higher fees baked into the price of the home and the cost of local services."

4. **New York – No Lessons Learned.** Despite seeing a net 1-year outflow of 75,000 taxpayers and \$10 billion in AGI, it appears that New York legislators have yet to right the ship.

A recent *Wall Street Journal* article entitled "New York's Annual Stealth Tax Increase" noted the duplicity of Governor Kathy Hochul's boast of upcoming refund checks (up to \$400) to low and middle income taxpayers while overlooking the fact that all New Yorkers still pay more tax overall – because New York's 2016 tax brackets are not adjusted for inflation.

Also, in March the NYC Council introduced a bill to raise the city's minimum wage to \$30 per hour by 2030. According to an article in *The Wall Street Journal*, the proposal "is drawing cheers from working-class New Yorkers struggling to afford the city and send[ing] chills through [the] business community..." As of this writing, the legislation is still pending.

And then in May, New York's Legislature approved an annual NYC pied-à-terre tax. The tax applies to "luxury" second residences worth over

\$1 million with the top tax rate at 6.5%. Citadel CEO Ken Griffin was quick to comment: "Mamdani is making it really clear: New York doesn't welcome success."

5. **Seattle Eyes Tax Increases.** Earlier this year, Seattle Mayor Katie Wilson said her administration is exploring new "progressive revenue options" to help close its projected \$140 million budget gap in 2027. Wilson added, "[m]y team is very hard at work looking for progressive revenue options, taxing the rich, taxing big business in a way that we think will be politically viable and practical." Starbucks founder and former Seattle resident (now a Florida resident) Howard Schultz was quick to reply: "Seattle and much of Washington face serious problems: chronic homelessness, disorder in core business districts, persistent budget deficits, declining public-school outcomes and a slowing technology hiring cycle. These challenges aren't unique to the state—but Washington's response to them is. Seattle's mayor, Katie Wilson, has chosen to cast business as a foil rather than a partner."

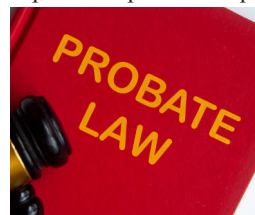
6. **Honorable Mentions?**

- **Maine:** As of this writing, legislation is pending signature by Governor Mills to increase the top tax rate from 7.15% to 8.95%. This rate would apply to individuals earning over \$500,000. Also, it would increase the tax rate by 0.6% on persons earning more than \$144,500.

- **Maryland:** Last July, Maryland enacted law which (a) added a 2% increase on capital gains on those with income over \$350,000, and (b) reduced itemized deductions for those earning more than \$200,000.

- **Rhode Island:** In June, Governor Dan McKee signed a \$15.2 billion budget that raised the top income tax rate from 5.99% to 8.99% on income earners over \$1 million. McKee commented that "[b]y asking the wealthiest Rhode Islanders to pay a little more, this budget also protects Rhode Islanders from reckless cuts by the Trump Administration."

**Avoiding Probate – Don't Forget the Basics:** Probate is the court-supervised process required to transfer a deceased person's property to



heirs. It is usually desirable to avoid probate because it can be expensive and time-consuming. Assets typically subject to probate are those held in one's sole name. Fortunately, viable options exist to avoid probate. The 3 main options are: (1) joint ownership, (2) asset beneficiary designations (for IRAs, life insurance and similar assets), and (3) a Revocable Trust. Although

all 3 options avoid probate, each has important pros and cons that merit consideration.

**2026 Naples Daily News Article:** The Sunday March 8<sup>th</sup> edition of the *Naples Daily News* featured an article Robert and Blake co-authored entitled "Establishing A Florida Domicile For The Seasonal Resident." The article offers advice and our recommended best practices to secure one's Florida tax residency. For a complimentary print copy or PDF, or for a copy of our Collier or Lee County residency checklists, please contact Julie Yamin at (239) 216-1819 or [julie@swflorida-law.com](mailto:julie@swflorida-law.com).

**Words of Eternity:** For this is the will of my Father, that everyone who looks on the Son and believes in him should have eternal life, and I will raise him up on the last day. John 6:40

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