Planning ideas for 2026

Estate and financial plans require regular review to determine if they remain appropriate to accomplish your goals. Consider these strategies for 2026.

1. Take advantage of transfer tax exclusions

For 2026, the federal estate and gift tax exclusion amount is set at $15 million. While this exclusion is considered “permanent,” it still makes sense to use it now. Why? Because any appreciation on a gift you make today will not be subject to federal estate tax when you pass away. The earlier you make the gift, the more time it has to grow — and that growth avoids future estate tax.

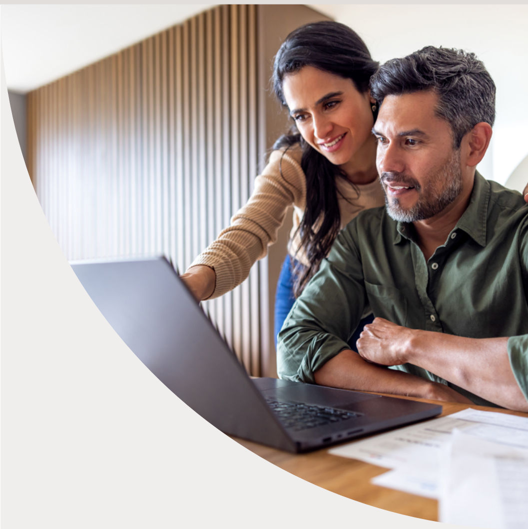
There is also the generation-skipping transfer (GST) tax, which applies to gifts that skip one or more generations. In 2026, the GST exemption is also $15 million. If you create a long-term, or perpetual, trust and allocate your GST exemption to the entire gift, both the property transferred and the appreciation thereon can be exempt from GST tax and the appreciation on the original transfer can be exempt from future estate tax.

2. Make annual gifts

For 2026, the gift tax annual exclusion amount is $19,000 ($38,000 for married couples). You can give this amount (or a lesser amount, if desired) to any number of people, and the gift will be entirely excluded from the gift tax. Make these gifts early in the year because you cannot make them after you die. Also, you can pay qualified tuition expenses directly to the school and qualified medical expenses directly to the providers, and those payments will also be excluded from gift tax. Annual exclusion gifts (and the appreciation thereon) and the tuition and medical payments described above generally will not be subject to estate tax.

3. Review life insurance needs and existing policies

Every so often it is appropriate to determine if you have enough life insurance. You likely have obligations that you would want fulfilled following death, such as providing for a surviving spouse, providing for children’s education, satisfaction of your mortgage, or continuation of a business. Life insurance provided by an employer may not be enough, and term policies expire.



Each family’s goals and financial situation are different. We encourage you to consult with your tax, legal and financial advisors with respect to your specific circumstances.

Like any financial asset, you should review your life insurance policies regularly to see if they are performing as expected. This is particularly true for policies that invest their internal value in mutual fund or index fund-type investments. Also, review term life policies so that you know when the term ends, and when conversion rights (if any) will expire.

A PNC Private Bank® Insurance Strategist can help you review your insurance needs and whether your existing policies are appropriate and performing as expected.

4. Review your documents

Life is always changing, and it's a good idea to check your plan documents every so often to make sure they still fit your situation. Maybe there's been a birth or a death in the family. Maybe a child or grandchild now has health concerns. Or perhaps the person you chose as executor or trustee has moved or cannot take on the role anymore. These kinds of changes — and many others — are reasons to review and update your plans. Even if you have an irrevocable trust, some states allow changes under certain conditions. Keeping your documents current allows for your wishes to be carried out the way you intended.

5. Plan charitable giving

Beginning in 2026, if you itemize deductions, you will only be able to deduct contributions that exceed 0.5% of your contribution base — which is generally your adjusted gross income (AGI) with certain modifications. For ease of reference, referred to as the "floor." One strategy to consider is "bunching" your gifts into a single year so the total amount exceeds the floor.

There's also a cap on how much you can deduct each year based on the type of gift and the organization you are giving to. If your gifts exceed that limit, you can carry the excess forward for up to five years.

If you don't itemize, starting in 2026 you may receive a $1,000 deduction for cash gifts to qualified charities ($2,000 if you are filing jointly). This does not apply to gifts to supporting organizations or donor-advised funds.

If you itemize deductions, "bunch" your charitable gifts into one year to get past the floor. If you take the standard deduction, consider giving cash directly to public charities to reap the $1K/$2K benefit.

6. Review your retirement contributions

Each year contribution limits with respect to qualified retirement plans change. If you can, consider contributing to your employer's qualified plan. If your employer matches your contributions to some extent, at least contribute the amount needed to be fully matched, as failing to do so leaves compensation "on the table." If you are at least age 50, you can make "catch-up" contributions to your plan, allowing you to defer greater amounts for retirement. The catch-up amount varies by age, with a higher amount available if you are aged 60 through 63. However, for highly compensated employees (who earned over $150,000 in 2025), catch-up contributions must be added to a Roth account within the plan.

Amounts added to a Roth account are subject to income tax when earned, so adjust your withholding or estimated tax payments accordingly. Finally, if you do not participate in an employer plan, consider funding an individual retirement account or other individual plan.

7. Plan with interest rates

Certain planning techniques work better in a high-interest rate environment, while others work better in a low-interest rate environment. When preparing an estate plan, consider that charitable remainder trusts and qualified personal residence trusts perform better while interest rates are high, while grantor retained annuity trusts (GRATs), charitable lead trusts and sales to defective trusts perform better when interest rates are low. Interest rates are not so high as to automatically rule out using a GRAT or a sale to a defective trust. For a freezing transaction to succeed, asset growth need only exceed the required interest rate. Doing an estate freeze with assets having depressed values or that are likely to experience rapid growth may still provide estate and gift tax savings to your family.

8. Don't go it alone

Successful people have support networks, groups of professionals, friends, business associates and others with whom they can discuss ideas, plans and goals. Discussing your ideas, plans and goals for your estate and financial planning should be no different.

PNC Private Bank has professionals who can work with your legal, tax and other advisors to help you achieve your personal and financial goals. To access any of PNC's resources, contact any member of your PNC team.