
THE BARATELLI BRIEF

VOL. 1 · ISSUE 10 August 2026 [TOOLS.BARATELLIINSTITUTE.COM](https://tools.baratelliinstitute.com)

Research and reference for finance, accounting, family-office, real-estate, and wealth practitioners.

ESTATE PLANNING · POST-OBBBA OFFENSIVE PLAYBOOK

The OBBBA Estate Reset, Part Two: Three Offensive Plays Now That the Cliff Is Gone

Issue 01 made the case for offense. This Brief walks the three specific plays that founders age 55-70 should run while the exemption is fresh.

"For three years we hedged. We built the plans assuming the exemption would sunset. It didn't. Now we play the game we wanted to play in 2022." — an estate attorney in Charlotte

1. Where we are

OBBBA made the federal estate and gift tax exemption permanent at \$15M individual / \$30M married. The 2026 sunset that everyone planned defensively for through 2023-2025 is gone. Founders who slow-walked their estate plans waiting for clarity now have it. The work is no longer hedge-the-cliff. The work is play-offense.

Three plays for the founder age 55-70 who built the company, has \$25M-\$200M of exposure, and has children or grandchildren the wealth will eventually go to. Each one fits in a single chapter of the Estate Planning Decoded guide; we walk the architecture here.

2. Play One — The GRAT-and-IDGT Stack

The GRAT (grantor retained annuity trust) zeros out the gift-tax cost of moving an asset that is expected to appreciate. The IDGT (intentionally defective grantor trust) sells the appreciated asset back into a trust at a frozen value. Together they let a founder move 80-90% of an appreciating asset's future value out of the estate while paying minimal gift tax.

The mechanics: founder funds a GRAT with non-voting LLC units. The GRAT pays back an annuity stream that nearly zeros out the IRS gift value. The remainder (anything above the \$7520 hurdle rate) passes to the next-generation trust gift-tax-free. Then the founder sells additional units to the IDGT for an installment note, freezing the value of those units in the founder's estate at today's price.

The result, on a \$30M operating company that grows to \$80M over a decade: \$35-45M of value moves to the next generation outside the estate. If that company gets sold inside the IDGT, the trust pays no income tax (because the founder pays it as the grantor — economically, that's an additional tax-free gift to the trust).

3. Play Two — The Dynasty Trust Funded with Non-Voting LLC Units

The dynasty trust holds wealth across multiple generations without an estate-tax event at each generation. State law matters: South Dakota, Nevada, Delaware, and Alaska all permit dynasty trusts to last functionally forever. Most states cap them at 90-110 years.

Funding: founder gifts (or sells to) the dynasty trust an interest in a holding LLC that owns the operating businesses, real estate, and investment portfolio. Non-voting units take a 25-40% discount (DLOM + DLOC). \$30M of underlying value can be funded into the trust at a \$20M reported gift value — using less of the lifetime exemption, leaving more headroom for additional moves.

The next generation is the trust beneficiary, not the trust owner. Distributions are at trustee discretion, with HEMS (health, education, maintenance, support) standards. The trust survives divorce, creditors, and lawsuits. The wealth survives multiple generations.

4. Play Three — The Spousal Lifetime Access Cross (SLATs)

Each spouse creates a SLAT (spousal lifetime access trust) for the benefit of the other. Each funds it with a portion of their lifetime exemption. The result: both spouses have moved \$15M out of the estate, the trusts can distribute back to the non-grantor spouse during life, and on the first death, neither trust is in the estate.

The crucial detail: the trusts must be different enough that the IRS doesn't apply the reciprocal trust doctrine and unwind the planning. Different trustees, different beneficiary classes, different distribution standards, different funding dates. Done right, the SLAT cross moves \$30M out of the combined estate while preserving the couple's economic access to the funds during life.

5. The conversation founders are not having

Most founders age 55-70 with \$25M+ of exposure have an estate plan from 2018-2021. It was built defensively against the 2026 sunset. It needs a refresh now. Three questions to ask the existing estate attorney: (1) what exemption are we currently using vs. the new \$15M/\$30M? (2) which of these three plays would fit our family situation? (3) how soon can we execute? The right answer to question three is "in the next 90 days." Estate planning that gets postponed for a year is estate planning that gets executed under duress.

PAIRED TOOL · INTERACTIVE

Estate Tax Sunset Headroom Calculator

Federal \$15M permanent post-OBBBA, 22 states modeled, NY cliff trap, gross-to-taxable waterfall. Run your specific number.

→ tools.baratelliinstitute.com/estate-tax-headroom.html

PAIRED TOOL · INTERACTIVE**Trust Type Selector**

GRAT vs IDGT vs SLAT vs ILIT vs Dynasty vs CRT/CLT. Decision tree with state overlay and downsides.

→ tools.baratelliinstitute.com/trust-selector.html

SAMPLE TAB FROM THE COMPANION WORKBOOK · FULL WORKBOOK SHIPS WITH THE GUIDE**OBBBA_Estate_Plan_Refresh_Checklist.xlsx**

Three-page checklist for the conversation with the existing estate attorney. Includes the documentary inventory, the trust-type comparison, and the 90-day execution timeline.

Print it. Bring it to the meeting. The attorney will recognize the format.

The cliff is gone. Stop hedging. Start playing.

WHAT TO READ NEXT**BRIEF #01 OBBBA Made the Exemption Permanent (the original)**

https://tools.baratelliinstitute.com/briefs/Baratelli_Brief_Issue_01.pdf?utm_source=brief&utm_medium=pdf&utm_campaign=brief_10&utm_content=brief_01

REFERENCE GUIDE Estate Planning Decoded — Chapters 4-9 walk the trust toolkit at the depth a tax attorney would recognize.

https://tools.baratelliinstitute.com/guide-epd.html?utm_source=brief&utm_medium=pdf&utm_campaign=brief_10&utm_content=guide-epd

REFERENCE GUIDE Family Office Reference Guide — For the family-office staff who will administer this once it's in place.

https://tools.baratelliinstitute.com/guide-fo.html?utm_source=brief&utm_medium=pdf&utm_campaign=brief_10&utm_content=guide-fo

Use what helps. Skip what doesn't.

The Baratelli Brief — Free. Twice-monthly via LinkedIn; full archive on the site. Forward freely. Unsubscribe via LinkedIn settings if you'd rather not receive it.

Educational only. Not investment, tax, legal, accounting, or any other professional advice. Estimates are based on the inputs you provide; consult your own qualified advisors before acting. The Baratelli Institute is a publisher of practitioner reference material.

Philip A. Baratelli, CPA, MBA · Founder, Baratelli Institute · Baratelli Institute · [P.O. BOX TBD] · Ponte Vedra Beach, FL [ZIP] · tools.baratelliinstitute.com