



— RESOURCE GUIDE

LEGACY & ESTATE PLANNING

Strategies to Help Protect Your Assets, Support Your Family,
and Transfer Wealth with Intention

INTRODUCTION

A THOUGHTFUL PLAN FOR THE ROAD AHEAD.

01

Estate planning is an important part of a comprehensive retirement strategy. Many individuals spend decades building wealth and want to help ensure those assets are transferred to children, grandchildren, or charitable causes in an efficient and intentional way.

However, estate planning mistakes are common. Something as simple as failing to update a beneficiary designation or neglecting to revise estate documents after a major life event can create unintended consequences. A well-structured estate plan may help align the distribution of assets with your wishes while potentially minimizing taxes, legal complications, and delays for your family.

Estate planning is not just for ultra-wealthy families. Individuals who want to control how their assets are distributed, provide guidance for loved ones, or simplify the transfer of wealth may benefit from having an estate plan in place.

A COORDINATED APPROACH

Because estate planning is tied to retirement income, taxes, and investment strategy, it is often most effective when discussed with both a financial professional and an estate planning attorney.

MORE THAN MONEY

Legacy planning is not only about transferring financial assets. It may also involve preparing future generations to responsibly manage inherited wealth — and discussing family values surrounding money and long-term financial stewardship.

SECTION TWO

MULTI-GENERATIONAL LEGACY PLANNING.

02

A Major Wealth Transfer

IN THE COMING DECADES

\$80 Trillion+

ESTIMATED WEALTH TRANSFER FROM BABY BOOMERS

At the same time, family dynamics are evolving. Multigenerational households have become more common as families adapt to rising housing costs, childcare needs, longer life expectancies, and caregiving responsibilities for aging parents.

These trends make thorough legacy planning increasingly important. In many cases, estate plans benefit from involving family members in discussions about long-term goals and expectations.

THREE QUESTIONS TO BEGIN WITH

What do you want your wealth to accomplish?

Every family has different priorities. Some want to support education for future generations, others want to maintain family property, support charitable causes, or simply ensure financial security for loved ones. Clarifying these goals helps shape decisions around trusts, gifting strategies, and investment planning.

How do family values influence financial decisions?

Money conversations can be sensitive, but they are often essential. Open discussions about financial values and long-term priorities can help families align expectations and reduce misunderstandings in the future. Many families find that a thoughtful legacy plan includes both financial strategies and guidance for how wealth should be used responsibly.

Does the plan reflect the family's long-term vision?

A legacy strategy works best when financial planning, tax planning, and estate planning are coordinated. Many families establish clear goals and consult with professional advisors when evaluating legacy planning options.

SECTION THREE

THE CHANGING FOCUS OF ESTATE PLANNING.

03

The federal estate tax applies to the transfer of assets after death when the value of an estate exceeds certain thresholds. In 2026, these thresholds are significantly higher than in prior years.

2026 exemption amounts

For 2026, the federal estate and gift tax exemption is **\$15 million per individual**, or **\$30 million for married couples** with proper planning. This generally allows individuals to transfer up to these amounts during life or at death without federal estate tax under current law.

Legislation passed in 2025 increased the basic exclusion amount to approximately \$15 million beginning in 2026, and the exemption is expected to continue to be indexed for inflation.

PER INDIVIDUAL (2026)

\$15M

Federal estate and gift tax exemption

PER MARRIED COUPLE

\$30M

Combined federal exemption with proper planning

ANNUAL GIFT EXCLUSION

\$19K

Per recipient, per year (2026)

The shift from estate taxes to income taxes

Because the exemption is now significantly higher, federal estate taxes may affect fewer families than in the past. As a result, estate planning discussions have increasingly shifted from estate taxes to **income taxes** — particularly those associated with retirement accounts such as traditional IRAs and 401(k)s.

These accounts often represent a large portion of household wealth. While they typically pass to beneficiaries through beneficiary designations, distributions are generally subject to ordinary income tax. In many cases, beneficiaries may be required to withdraw inherited retirement account assets within a defined time period, which may increase taxable income depending on individual circumstances.

Additionally, some states impose their own estate or inheritance taxes at lower thresholds than the federal exemption, meaning state-level planning may still be necessary depending on where you live.

A GUIDING PRINCIPLE

Estate planning is ultimately about more than taxes or legal documents — it is about ensuring that the wealth built over a lifetime is transferred in a way that reflects your personal values and protects the people you love.

— FLEETSTAR FINANCIAL

SECTION FOUR

TAX-EFFICIENT STRATEGIES FOR TRANSFERRING WEALTH.

04

With the federal estate tax exemption now set at \$15 million per individual in 2026, most families may find their estates fall below the level where federal estate taxes apply. As a result, planning conversations have shifted from estate taxes to income taxes and the efficient transfer of assets to beneficiaries.

01 ROTH IRAS

Roth IRAs are often used as part of a long-term tax planning strategy. Because contributions are made with after-tax dollars, qualified distributions are generally income tax-free under current law. For beneficiaries, inherited Roth IRAs may provide greater tax flexibility, and in some cases, converting traditional retirement account assets to a Roth IRA over time may help reduce future tax exposure, depending on individual circumstances.

02 LIFE INSURANCE

Life insurance can also support estate and legacy planning. Death benefits from properly structured policies are generally received income tax-free by beneficiaries and may help provide liquidity to cover expenses, offset taxes, or equalize inheritances among heirs.

03 ASSETS THAT BYPASS PROBATE

Certain assets, including retirement accounts and life insurance policies, typically transfer directly to named beneficiaries and may pass outside of probate. Avoiding probate can help reduce administrative delays, legal costs, and uncertainty for surviving family members, depending on state laws and individual circumstances.

04 STRETCH STRATEGIES FOR AFTER-TAX INVESTMENTS

In some cases, non-qualified annuities and other after-tax investments may allow beneficiaries to extend distributions over time through a lifetime stretch strategy. Spreading distributions over a longer period may help manage taxable income more gradually and preserve flexibility for heirs.

05 ANNUAL GIFTING

For 2026, the annual gift tax exclusion is **\$19,000 per recipient**. You may give up to \$19,000 each year to as many individuals as you choose without triggering gift taxes or reducing your lifetime exemption. Married couples can combine their exclusions, allowing them to give \$38,000 per recipient per year. Over time, consistent gifting may help reduce the size of a taxable estate while allowing families to pass wealth to the next generation during their lifetime.

These strategies are not appropriate for every situation, and the potential benefits depend on factors such as tax brackets, time horizon, and overall estate objectives. Reviewing these options periodically with a qualified professional may help ensure planning strategies remain aligned with long-term goals.

SECTION FIVE

UNDERSTANDING BENEFICIARY DESIGNATIONS.

05

Beneficiary designations play an important role in determining how retirement accounts are distributed after death. In many cases, these designations override instructions in a will, making it essential to keep them accurate and up to date. For deaths after 2019, beneficiaries are generally classified into three categories. Each category has different timelines for when inherited funds must be withdrawn.

EDB

Eligible Designated Beneficiary

LIFE-EXPECTANCY / "STRETCH"

Certain beneficiaries may qualify to take distributions over their life expectancy, sometimes referred to as a "stretch" strategy. This group may include a surviving spouse, a minor child of the account owner, an individual who is disabled or chronically ill, or someone who is not more than 10 years younger than the account owner.

NEDB

Non-Eligible Designated Beneficiary

10-YEAR RULE

Most individual beneficiaries fall into this category, such as adult children or grandchildren. In general, inherited retirement accounts must be fully distributed within 10 years of the original account owner's death. This is commonly known as the 10-year rule.

NDB

Non-Designated Beneficiary

5-YEAR RULE

This category typically applies when the beneficiary is not an individual — such as an estate, charity, or certain types of trusts. In many cases, the account must be distributed within five years of death, often referred to as the 5-year rule.

Because beneficiary designations can affect taxes, timing of distributions, and overall estate planning outcomes, reviewing them periodically can help ensure they continue to align with your goals and circumstances.

SECTION SIX

REVIEWING YOUR ESTATE PLAN.

06

Estate planning should not be treated as a one-time task. Documents and strategies may need to be updated over time.

WHEN TO REVIEW

- Changes in tax laws
- Changes in family circumstances
- Changes in financial assets
- Business ownership changes
- Real estate holdings
- Health considerations

A REMINDER

Even small oversights — such as outdated beneficiaries or improperly titled accounts — can cause unintended complications during the transfer process.

COORDINATE YOUR TEAM

Many individuals find that coordinating estate planning decisions with their financial, tax, and legal professionals can help ensure different aspects of their overall plan work together effectively.

Final thoughts

Estate planning is ultimately about more than taxes or legal documents. It is about ensuring that the wealth built over a lifetime is transferred in a way that reflects personal values, protects loved ones, and supports long-term family goals.

A well-planned legacy strategy can help simplify the transfer of assets, potentially reduce taxes, and provide clarity for the next generation. Families who begin these conversations early and revisit their plans periodically are often better positioned to navigate the complexities of wealth transfer.

NEXT STEPS

LET'S TALK ABOUT YOUR LEGACY.



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Luke has over 25 years of experience working as a financial advisor and he co-founded boutique retirement planning firm FleetStar Financial in 2004.

He is recognized for his success in helping clients reach their individual financial goals in a number of planning areas, with particular expertise in retirement income planning, wealth and tax management, asset protection and estate planning.

Luke received his bachelor's degree from the University of Massachusetts, Amherst and earned his MBA, with a concentration in finance, from Boston University.

Schedule a complimentary review

Individuals interested in reviewing their estate planning strategy may benefit from discussing their situation with qualified financial and legal professionals.

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