Knowledge Center Guide

High-Net-Worth Estate Planning Strategies in North and South Carolina

Quick Summary

- High-net-worth estate planning goes beyond a basic will or trust — it coordinates tax strategy, asset protection, business succession, and multi-generational wealth transfer
- Neither NC nor SC imposes a state estate or inheritance tax, but federal estate tax applies to estates above the exemption threshold
- The federal estate tax exemption is scheduled to decrease significantly in 2026, making proactive planning especially important right now
- Strategies such as irrevocable trusts, family limited partnerships, charitable giving, and dynasty trusts can preserve wealth across generations

Families in North Carolina and South Carolina with significant wealth often benefit from coordinated estate and tax planning strategies designed to preserve assets across generations.

What Does High-Net-Worth Estate Planning Involve?

> **What Is High-Net-Worth Estate Planning?** High-net-worth estate planning involves coordinating trusts, tax strategies, asset protection structures, and business succession planning to preserve wealth across generations while minimizing estate and income taxes.

A guide for individuals and families with significant assets who want a comprehensive, coordinated approach to estate planning in NC and SC.

Who This Guide Is For

- Individuals and families with estates approaching or exceeding the federal estate tax exemption
- Business owners with closely held business interests
- Families holding significant real estate or investment portfolios
- Those who want to preserve wealth across multiple generations
- Individuals considering charitable or legacy planning strategies

For most families, a well-drafted will and a revocable living trust are the foundation of a sound estate plan. But for families with significant wealth — whether from a business, investments, real estate, executive compensation, or inherited assets — those foundational documents are only the beginning.

High-net-worth estate planning requires a coordinated strategy that addresses federal estate and gift taxes, income tax implications of wealth transfers, asset protection from creditors and

litigation, business succession planning, charitable giving goals, and the long-term financial security of surviving spouses, children, and grandchildren.

Both North Carolina and South Carolina offer favorable planning environments: neither state imposes a state-level estate tax or inheritance tax, and both have adopted the Uniform Trust Code, which provides a flexible and well-developed framework for sophisticated trust planning. However, federal estate tax remains a significant concern for larger estates, and the window for certain planning strategies may be narrowing.

> **What Is the Federal Estate Tax?** The federal estate tax is a tax on the transfer of wealth at death. It applies only to the portion of an estate that exceeds the available exemption amount, and the top federal estate tax rate is currently 40%.
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> **Time-Sensitive:** The federal estate tax exemption, currently approximately $13–14 million per person, indexed annually for inflation ($27+ million for a married couple), is scheduled to sunset at the end of 2025 unless Congress acts. If the sunset takes effect, the exemption will revert to approximately half its current level — about $6–7 million per person, adjusted for inflation. Families with estates approaching or exceeding the reduced threshold have a narrow window to implement strategies that could lock in today's higher exemption.

Quick Comparison: High-Net-Worth Planning in NC vs. SC

Planning Consideration	North Carolina	South Carolina
State estate/inheritance tax	None	None
Federal estate tax exemption (2024)	Approx. $13–14M per person, indexed annually for inflation	Approx. $13–14M per person, indexed annually for inflation
Exemption sunset risk (2026)	Yes — may drop by ~50%	Yes — may drop by ~50%
Uniform Trust Code adopted?	Yes (Chapter 36C)	Yes (Title 62, Art. 7)
Dynasty / long-term trust planning	Available	Available
Directed trust statutes	Available	Available
Asset protection trusts (self-settled)	Not available	Not available
Probate creditor claim period	90 days	8 months

Understanding the Federal Estate Tax

How the Estate Tax Works

The federal estate tax is a tax on the transfer of a deceased person's taxable estate. It applies to estates that exceed the applicable exemption amount at the time of death. The tax rate on the taxable amount above the exemption is currently 40%.

The taxable estate includes most assets owned by the deceased at death: real estate, investment accounts, bank accounts, business interests, life insurance proceeds (if the deceased owned the policy), retirement accounts, and other property. Deductions are available for assets passing to a surviving spouse (the marital deduction), charitable bequests, debts, and administration expenses.

The Exemption and the Upcoming Sunset

The Tax Cuts and Jobs Act of 2017 nearly doubled the federal estate tax exemption. As of 2024, each individual has a lifetime exemption of $13.61 million, indexed for inflation. For a married couple, this means a combined exemption of over $27 million can be used to shelter assets from estate tax — if planning is done correctly.

However, the elevated exemption is scheduled to expire at the end of 2025. Unless Congress acts to extend it, the exemption will revert to its pre-2018 level — roughly $7 million per person, adjusted for inflation. This means that estates which would face no federal estate tax under current law could become taxable after the sunset.

The potential sunset creates an urgent planning opportunity: gifts made now using today's higher exemption will not be "clawed back" even if the exemption later decreases, according to current IRS regulations. Families who act before the sunset may be able to permanently transfer millions of dollars free of estate tax.

The Gift Tax and Annual Exclusion

The federal gift tax is unified with the estate tax — gifts made during your lifetime reduce your remaining estate tax exemption. However, there are important exceptions:

- Annual gift tax exclusion: In 2024, you may give up to $18,000 per recipient per year ($36,000 for a married couple gift-splitting) without using any of your lifetime exemption and without triggering a gift tax return. These annual exclusion gifts can be a powerful wealth transfer tool over time.
- Direct payments for tuition and medical expenses: Payments made directly to an educational institution for tuition, or directly to a medical provider for healthcare, are entirely excluded from gift tax with no limit. These are often overlooked opportunities for tax-free wealth transfer.
- Lifetime exemption gifts: Gifts above the annual exclusion use your lifetime exemption but are not taxed unless the cumulative total exceeds the exemption amount.

> ***Note:*** *Neither NC nor SC imposes a state gift tax. All gift tax considerations for residents of both states are governed exclusively by federal law.*

Core Strategies for High-Net-Worth Estate Planning

Irrevocable Trusts

Unlike a revocable living trust, which remains part of your taxable estate, an irrevocable trust generally removes assets from your estate for estate tax purposes — because you give up control over those assets. Several types of irrevocable trusts are commonly used in high-net-worth planning:

Irrevocable Life Insurance Trust (ILIT)

Life insurance proceeds are included in your taxable estate if you own the policy at the time of death. An Irrevocable Life Insurance Trust holds a life insurance policy outside of your estate, so the death benefit passes to beneficiaries free of estate tax. The trust owns the policy, pays the premiums (funded with annual exclusion gifts from you), and distributes proceeds to beneficiaries according to the trust's terms. For families with significant life insurance, an ILIT can remove a large asset from the taxable estate while providing liquidity to pay estate taxes or fund bequests.

Spousal Lifetime Access Trust (SLAT)

A Spousal Lifetime Access Trust allows one spouse (the grantor) to make a gift to an irrevocable trust for the benefit of the other spouse and/or children, using lifetime exemption. The assets are removed from the grantor's estate, but the beneficiary spouse retains access to the trust for support and other needs. SLATs are particularly popular right now as a way to use the current high exemption before the potential 2026 sunset. Careful drafting is required to avoid pitfalls, including the "reciprocal trust doctrine" if both spouses create SLATs for each other.

Grantor Retained Annuity Trust (GRAT)

A Grantor Retained Annuity Trust allows you to transfer appreciating assets to an irrevocable trust while retaining a fixed annuity payment for a set term. At the end of the term, the remaining assets — including all appreciation above a specified IRS interest rate — pass to beneficiaries gift-tax-free. GRATs work best when funded with assets expected to significantly appreciate, such as closely held business interests or publicly traded stock prior to an anticipated increase in value. If the grantor survives the trust term, the appreciation escapes estate tax entirely.

Intentionally Defective Grantor Trust (IDGT)

An Intentionally Defective Grantor Trust is structured so that assets are removed from the grantor's taxable estate for estate tax purposes, but the grantor still pays income tax on trust earnings — a feature, not a flaw. Because the grantor pays the income tax personally, the trust assets grow free of income tax, effectively making a tax-free gift to the trust each year equal to the income tax paid. IDGTs are often used in combination with installment sales of assets to the trust, allowing large amounts of wealth to be transferred at minimal gift tax cost.

Family Limited Partnerships and LLCs

A Family Limited Partnership (FLP) or Family Limited Liability Company (FLLC) is a business entity formed to hold and manage family assets — investments, real estate, or business interests. The senior generation retains control as general partner or managing member while transferring limited partnership or membership interests to children or trusts at discounted values.

The valuation discounts — for lack of control and lack of marketability — can reduce the taxable value of transferred interests by 15% to 40% or more, compared to the underlying asset values. This allows more wealth to pass using less gift tax exemption. FLPs and FLLCs also provide a measure of asset protection and help instill family governance around shared assets.

> ***Note:*** *FLPs and FLLCs are subject to IRS scrutiny and must be structured and operated with care to withstand challenge. They should have a legitimate, non-tax business purpose and be operated as genuine business entities, not simply as vehicles to shift assets.*

Dynasty Trusts

A dynasty trust is a long-term trust designed to hold assets across multiple generations — potentially in perpetuity — while shielding those assets from estate tax at each generation. Assets contributed to a properly structured dynasty trust using generation-skipping transfer (GST) tax exemption can pass from grandparents to grandchildren and beyond without incurring estate or GST tax at each generational transfer.

Both North Carolina and South Carolina permit trusts to exist for extended periods under their respective trust statutes, making dynasty trust planning available in both states. Assets held in a dynasty trust can also be protected from beneficiaries' creditors and divorcing spouses, preserving family wealth against claims that might otherwise erode it over time.

Charitable Planning Strategies

Charitable giving can serve both philanthropic goals and estate planning objectives. For high-net-worth families, several strategies allow significant charitable impact while reducing estate and income taxes:

Charitable Remainder Trust (CRT)

A Charitable Remainder Trust allows you to transfer appreciated assets to an irrevocable trust, receive an income stream for life or a term of years, take an immediate charitable income tax deduction for the present value of the remainder interest, and avoid capital gains tax on the sale of appreciated assets within the trust. At the end of the trust term, the remaining assets pass to one or more designated charities.

Charitable Lead Trust (CLT)

A Charitable Lead Trust is the mirror image of a CRT: the charity receives an income stream for a defined period, and the remainder passes to family members. A CLT can be an effective way to transfer assets to the next generation at reduced gift tax values, particularly in low-interest-rate environments.

Donor-Advised Fund (DAF)

A donor-advised fund allows you to make a charitable contribution, receive an immediate income tax deduction, and then recommend grants to specific charities over time. DAFs are simpler than private foundations and can be funded with appreciated securities, avoiding capital gains tax on the appreciation while receiving a full fair-market-value deduction.

Private Foundation

For families with significant philanthropic goals, a private foundation provides the ability to create a lasting charitable legacy, employ family members in a meaningful cause, and maintain control over grant-making decisions. Private foundations involve significant compliance obligations and are subject to excise taxes on investment income, so they are generally appropriate only for larger charitable commitments.

Business Succession Planning

For business owners, estate planning and business succession planning are inseparable. Key considerations include:

- Business valuation: The value of a closely held business for estate tax purposes must be established at the owner's death. Proactive valuation and planning — including the use

of discounts for minority interests and lack of marketability — can significantly reduce the taxable value.

- Buy-sell agreements: A well-structured buy-sell agreement funded with life insurance can ensure that a deceased owner's interest is purchased at a pre-agreed price, providing liquidity for the estate and continuity for the business.
- Gifting interests over time: Gradually transferring business interests to children, trusts, or a family entity during your lifetime — using annual exclusions and lifetime exemption — can reduce the estate tax exposure at death.
- Qualified Opportunity Zone investments: For business owners or investors with significant capital gains, Qualified Opportunity Zone investments can defer and potentially reduce the gain while channeling investment into designated communities.
- Section 6166 installment payments: If a closely held business represents more than 35% of the adjusted gross estate, the estate may be eligible to pay federal estate taxes attributable to the business in installments over up to 14 years, reducing the liquidity pressure on the business at the owner's death.

Portability and Marital Planning

For married couples, "portability" allows the surviving spouse to use any unused federal estate tax exemption from the deceased spouse's estate. This is an important safeguard, but it is not automatic — portability must be elected on a timely filed federal estate tax return for the deceased spouse, even if no estate tax is owed.

While portability is a valuable safety net, it does not protect against appreciation on transferred assets, future changes in the law, or the loss of exemption in states that have their own estate tax (though neither NC nor SC currently does). For this reason, married couples with larger estates often benefit from more proactive planning tools such as credit shelter trusts or SLATs rather than relying solely on portability.

High-Net-Worth Estate Planning in North Carolina

The NC Planning Environment

North Carolina is a favorable state for estate planning. The state repealed its own estate tax in 2013, meaning that NC residents face no state-level estate or inheritance tax. All estate tax exposure for NC residents is at the federal level. Combined with a well-developed trust law framework under Chapter 36C of the NC General Statutes (the NC Uniform Trust Code), North Carolina offers flexibility for sophisticated trust structures including dynasty trusts, directed trusts, and charitable trusts.

Trust Planning Under NC Law

North Carolina's adoption of the Uniform Trust Code provides a strong foundation for high-net-worth trust planning. Key features include:

- Directed trusts: NC law permits the separation of trustee functions, allowing an investment advisor to manage trust investments while a separate administrative trustee handles distributions and reporting. This "directed trust" structure can be particularly

useful for trusts holding concentrated stock positions, closely held business interests, or real estate that benefits from specialized management.

- Trust decanting: NC permits trustees to "decant" an existing trust — that is, to pour trust assets into a new trust with updated or improved terms — in certain circumstances. Decanting can be used to extend the trust's duration, update distribution standards, add spendthrift provisions, or fix drafting errors.
- Dynasty trusts: North Carolina law permits trusts to run for up to 360 years, making multi-generational dynasty trust planning available for families who want to preserve wealth across many generations with GST tax exemption shielding assets at each level.
- Spendthrift protections: NC trusts can include spendthrift clauses that prevent beneficiaries from assigning their interests and restrict creditors from reaching trust assets before distribution, providing a meaningful layer of protection for inherited wealth.

Income Tax Considerations in NC

North Carolina imposes a flat state income tax on individuals. For high-net-worth families, income tax planning is an integral part of the overall estate plan. Key considerations include:

- Income shifting: Certain trust structures, particularly non-grantor trusts with beneficiaries in lower income tax brackets, may allow income to be taxed at lower rates. However, the "kiddie tax" rules limit this strategy for minor and certain young adult beneficiaries.
- Basis planning: Assets that are included in your taxable estate receive a step-up in income tax basis at death, eliminating the built-in capital gain. For highly appreciated assets, the decision of whether to give assets during life (no step-up, but uses exemption) versus holding them until death (step-up, but included in estate) is an important planning consideration.
- Installment sales to grantor trusts: An installment sale of a business or investment asset to an intentionally defective grantor trust can be structured to defer capital gains, reduce estate tax exposure, and transfer appreciation to trust beneficiaries outside the taxable estate.
- Qualified Opportunity Zone investments: NC has designated Qualified Opportunity Zones in alignment with the federal program, offering additional state tax planning opportunities for investors with capital gains.

Real Estate and NC Planning

North Carolina families with significant real estate holdings — including primary residences, vacation properties, farms, timberland, and commercial properties — face distinct planning challenges. Key strategies include:

- Qualified Personal Residence Trust (QPRT): A QPRT allows you to transfer your home to an irrevocable trust at a discounted gift tax value, retaining the right to live in it for a fixed term. At the end of the term, the home passes to beneficiaries at a substantially reduced gift tax cost. If the home has appreciated significantly, the estate tax savings can be substantial.
- Conservation easements: NC property owners who grant a permanent conservation easement on qualifying land may be eligible for a federal charitable income tax deduction equal to the reduction in property value caused by the easement. This can be a powerful tool for families with large land holdings who also have conservation goals.

- Real estate in trusts: Placing NC real estate in a revocable or irrevocable trust avoids probate, simplifies transfer to heirs, and can consolidate multiple properties under unified management.

> **NC Planning Tip:** North Carolina's 360-year trust duration limit makes it one of the more favorable states for dynasty trust planning. Families with significant assets who want to protect wealth across multiple generations should discuss whether funding a dynasty trust with GST tax exemption makes sense before the 2026 exemption sunset.

Probate and High-Net-Worth Estates in NC

For high-net-worth North Carolina families, probate avoidance is particularly important. NC probate is a public process — the will, inventory, and accounting are filed with the Clerk of Superior Court and are generally accessible to the public. For families with significant or complex estates, the exposure of asset details, beneficiary identities, and the structure of distributions can be both a privacy concern and a source of family conflict.

A comprehensive revocable living trust, properly funded before death, avoids probate for assets properly titled in the trust and keeps the estate distribution entirely private. It also simplifies the administration of out-of-state real estate by avoiding the need for ancillary probate proceedings in multiple states.

High-Net-Worth Estate Planning in South Carolina

The SC Planning Environment

Like North Carolina, South Carolina imposes no state estate tax or inheritance tax, making it a favorable environment for high-net-worth estate planning. South Carolina has also adopted the Uniform Trust Code (Title 62, Article 7 of the SC Code of Laws), providing a modern and flexible legal framework for sophisticated trust structures.

South Carolina's probate process is administered by the county Probate Court, with an 8-month creditor claim period. For high-net-worth families, this longer probate timeline reinforces the value of a well-funded trust plan that keeps the estate entirely out of the probate process.

Trust Planning Under SC Law

South Carolina's Uniform Trust Code provides similar capabilities to NC for high-net-worth trust planning:

- Directed trusts: SC law permits directed trust structures that separate investment management from distribution and administrative functions, accommodating complex asset portfolios and specialized investment strategies.
- Trust modification and decanting: SC law provides mechanisms for modifying or decanting trusts in appropriate circumstances, allowing existing trusts to be updated to reflect changes in the law, family circumstances, or planning objectives.
- Dynasty trusts: South Carolina permits perpetual or near-perpetual trusts, making long-duration dynasty trust planning available. Funding a dynasty trust with generation-skipping transfer tax exemption can shelter assets from estate and GST tax for many generations.

- Spendthrift protections: SC trusts can include spendthrift provisions that restrict a beneficiary's ability to transfer their interest and limit creditor access to trust assets before distribution.

Income Tax Considerations in SC

South Carolina imposes a state income tax, and income tax planning is an important complement to estate planning for high-net-worth SC families. Key considerations include:

- Basis step-up planning: As in NC, assets included in the taxable estate receive a stepped-up income tax basis at death. For families with highly appreciated real estate, business interests, or investment portfolios, coordinating the decision to hold versus gift assets requires careful analysis of both estate and income tax consequences.
- Trust income taxation: South Carolina taxes trust income to resident trusts. The income tax treatment of distributions from trusts to SC beneficiaries should be considered when designing trust distribution provisions.
- Retirement account planning: SC does not tax Social Security benefits and offers a retirement income deduction for residents over 65. For high-net-worth families with significant retirement account balances, coordinating IRA distribution planning with the overall estate plan — including decisions about Roth conversions, beneficiary designations, and the 10-year rule for inherited IRAs under the SECURE Act — is an important component of the plan.

Real Estate and SC Planning

South Carolina families with significant real estate holdings — including coastal properties, farm and timberland, commercial real estate, and vacation homes — face specific planning considerations:

- Qualified Personal Residence Trust (QPRT): QPRTs are available in SC as in NC, allowing the transfer of a primary or vacation residence to heirs at a discounted gift tax value while the grantor retains the right to occupy the property for a fixed term.
- Conservation easements: SC landowners may grant conservation easements to qualifying land trusts or government entities, potentially qualifying for a federal charitable income tax deduction. SC also has a state income tax credit for conservation easements on agricultural land, providing an additional state-level benefit.
- Coastal and vacation property planning: SC's coastal real estate, which often carries significant appreciation and family sentimental value, benefits from trust-based planning that avoids probate, facilitates shared family use, and coordinates the ultimate transfer of the property to the next generation.
- 1031 exchanges: High-net-worth SC families with investment real estate can defer capital gains tax by exchanging into like-kind property through a Section 1031 exchange, preserving equity for reinvestment.

> **SC Planning Tip:** South Carolina's 8-month probate creditor claim period makes the probate process especially time-consuming for high-net-worth estates. A properly funded trust plan not only avoids this delay but also keeps the details of a significant estate — asset values, beneficiary identities, and distribution instructions — entirely out of the public court record.

Probate and High-Net-Worth Estates in SC

For high-net-worth South Carolina families, the combination of the public nature of probate, the 8-month creditor claim period, and the probate court filing fee (based on the value of the probate estate) makes comprehensive trust planning especially valuable. A fully funded revocable living trust eliminates the probate process for trust assets, reduces the probate court fee, keeps estate details private, and allows the successor trustee to begin administering the estate immediately after death without waiting for court authorization.

For families with real estate or business interests in multiple states, placing those assets in a single trust also avoids the need for ancillary probate in each state, which can otherwise multiply the cost and delay of estate administration considerably.

Building a Coordinated High-Net-Worth Estate Plan

The Foundation: Wills, Trusts, and Powers of Attorney

Even for the most sophisticated estate plan, the foundational documents remain essential. Every high-net-worth individual in NC or SC should have:

- A revocable living trust as the primary vehicle for holding and transferring assets, avoiding probate, and providing for incapacity
- A pour-over will to capture any assets not in the trust and to name a guardian for minor children
- A durable financial power of attorney for assets outside the trust
- A healthcare power of attorney and advance directive / living will
- HIPAA authorization

The Tax Layer: Reducing Federal Estate Tax Exposure

On top of the foundational documents, high-net-worth families typically need one or more tax-reduction strategies. The right combination depends on the size and composition of the estate, the family's income, and the planning goals:

- Annual gifting programs using the annual exclusion and direct payment exclusions
- Irrevocable trust structures (SLATs, IDGTs, ILITs, GRATs) to remove assets from the taxable estate
- Family limited partnerships or LLCs to consolidate assets, apply valuation discounts, and facilitate gifting
- Charitable planning tools (CRTs, CLTs, DAFs) for families with philanthropic goals
- Dynasty trusts funded with GST tax exemption for multi-generational wealth transfer

The Business Layer: Succession and Liquidity

Business owners need a plan that addresses not just who inherits the business, but how the transition will be structured, how the business will be valued, who will manage it, and how the estate will have enough liquidity to pay any taxes due without forcing a distress sale of the business or other assets.

The Protection Layer: Shielding Wealth from Risk

Asset protection planning — using business entities, spendthrift trusts for beneficiaries, and coordinated insurance strategies — is an important component of a comprehensive plan. While neither NC nor SC currently offers self-settled domestic asset protection trusts (where you can be a beneficiary of your own irrevocable trust), there are meaningful protections available through careful trust drafting and entity structure.

The Review Layer: Keeping the Plan Current

A high-net-worth estate plan is not a one-time project. It should be reviewed whenever significant life events occur — marriage, divorce, the birth of children or grandchildren, the death of a beneficiary or trustee, the sale or acquisition of a major asset, or a significant change in tax law. Even without triggering events, an annual review with your attorney and financial advisor is advisable for estates at or near the federal estate tax threshold.

Signs Your Estate Plan May Need Updating

- Your estate has grown significantly in value since your plan was last reviewed
- You have married, divorced, or experienced the death of a spouse or beneficiary
- You have acquired real estate, a business interest, or other significant new assets
- Your executor, trustee, or power of attorney agent is no longer the right person for the role
- Tax law has changed in ways that affect your planning strategy
- You have not reviewed your plan since before the 2017 Tax Cuts and Jobs Act

Many families assume estate tax planning only applies to extremely large estates. In reality, families whose wealth is concentrated in businesses, real estate, or rapidly appreciating investments often benefit from planning well before they reach the federal estate tax threshold.

Ready to Build or Update Your High-Net-Worth Estate Plan?

High-net-worth estate planning is one of the most consequential investments a family can make. A well-designed plan can preserve millions of dollars in wealth for the next generation, protect assets from unnecessary risk, ensure a smooth business transition, and fund meaningful charitable goals — while a plan that is outdated, incomplete, or poorly coordinated can undo years of wealth building.

If you have questions about estate planning strategies, trust structures, business succession, or the impact of the upcoming federal exemption changes on your estate, our attorneys are available to help you understand your options and develop a strategy tailored to your family's goals and circumstances.

► **Schedule a Consultation**

Related Knowledge Center Guides

- Do I Need a Will or a Trust?
- Revocable Living Trusts Explained
- Irrevocable Trust Strategies
- Dynasty Trust Planning
- Charitable Trust Planning
- Special Needs Trust Planning
- Business Succession Planning
- Estate Tax Planning Strategies
- How Probate Works in North and South Carolina
- Protecting Assets from Nursing Home Costs

This guide is intended for general educational purposes only and does not constitute legal or tax advice. Laws, exemption amounts, and planning strategies may change. Please consult a licensed attorney and qualified tax advisor in North Carolina or South Carolina for guidance specific to your circumstances.

Frequently Asked Questions About High-Net-Worth Estate Planning

At what asset level does high-net-worth estate planning become necessary?

There is no single threshold, but the need for more sophisticated planning generally increases as your estate approaches and exceeds the federal estate tax exemption. Even below the exemption, families with closely held businesses, real estate in multiple states, blended family situations, significant life insurance, or complex beneficiary needs benefit from planning that goes beyond a simple will. An estate plan review with an attorney can help identify where more structured planning would add meaningful value.

What is the most important planning step to take before the 2026 exemption sunset?

The most impactful step for many families is making large gifts now — either outright or into irrevocable trust structures such as a SLAT or IDGT — to use the current high exemption before it potentially decreases. Gifts made under the current exemption are not clawed back if the exemption later drops, according to current IRS regulations. The right strategy depends on your specific assets, family situation, and liquidity needs, so working with an attorney and financial advisor on a coordinated plan is essential.

Do NC and SC residents have to pay state estate tax?

No. Neither North Carolina nor South Carolina currently imposes a state estate tax or inheritance tax. All estate tax exposure for residents of both states is at the federal level. This makes NC and SC relatively favorable states for estate planning compared to states like Massachusetts or Oregon, which impose their own estate taxes with lower exemption thresholds.

How does a family limited partnership reduce estate taxes?

A family limited partnership (FLP) or family LLC allows you to hold family assets in a business entity and transfer interests in that entity to heirs at a discounted value. Because limited partnership interests lack control and are difficult to sell on the open market, they are valued at a discount — often 15% to 40% — compared to the underlying asset value. This discount

means you can transfer more value using less of your lifetime exemption. FLPs and FLLCs must be carefully structured with legitimate business purposes and operated as real business entities to withstand IRS scrutiny.

Can I protect my estate from my children's creditors or divorces?

Yes, to a meaningful degree. Leaving assets in a well-drafted trust for your children — rather than making outright distributions — can protect those assets from a child's creditors, lawsuits, and in many cases a divorcing spouse, as long as the assets remain in the trust and the trustee has appropriate discretion. This is one of the most practical and underappreciated benefits of trust planning, available to families at many wealth levels.

Should charitable giving be part of my estate plan?

For families with philanthropic goals, charitable planning tools such as Charitable Remainder Trusts, Charitable Lead Trusts, donor-advised funds, and private foundations can accomplish meaningful charitable impact while also reducing estate and income taxes. Even for families without strong charitable intentions, a small charitable bequest or gift in the estate plan can provide estate tax savings that benefit the non-charitable heirs. Charitable planning is most powerful when integrated into the overall estate and tax plan from the beginning.