

SUCCESS IS IN THE PLANNING

To our clients and friends:

We hope that your 2026 is off to a great start. For decades, our motto has been “success is in the planning.” We see the fruits of planning and preparation in the work that we do every day and in the disasters that can occur when planning is not prioritized.

One of our goals is to help you achieve the best outcomes by working with you to consider the pros and cons of different strategies and implementing a plan that reflects your goals and values. Planning can not only help save your family taxes, but it can also help your family maintain harmony after you are gone and ensure a smooth transition of assets, management, and control from one generation to the next. In the following pages, we explore the benefits of thoughtful planning, and we would be pleased to discuss these ideas further with you.

Reflecting on 2025, the Firm and our attorneys were gratified to be recognized for their excellence. **The Blum Firm** has been ranked **Tier 1 in Trusts & Estates Law** in the Dallas/Fort Worth metro area in the 2025 edition of *Best Law Firms*, published by *Best Lawyers*.

- **Marvin Blum** and **David Bakutis** were recognized in the 2025 edition of *The Best Lawyers in America Award*. **Marvin** and **David** received these awards after a comprehensive peer-review survey of more than 3.2 million evaluations.
- *Texas Super Lawyers* magazine named **Marvin Blum, John Hunter, Len Woodard, David Bakutis, Dyann McCully,** and **Matthew Rittmayer** as 2025 Super Lawyers. **Beth Hampton** was named as a 2025 Rising Star Super Lawyer.
- **Marvin Blum, John Hunter, Amanda Holliday, Len Woodard, Kandice Damiano, Dyann McCully, Emily Seawright,** and **Beth Hampton** were voted as Top Attorneys by their peers, as recognized by *360 West* magazine.
- *Fort Worth Magazine* also recognized several members of our team as Top Attorneys. **Marvin Blum, Amanda Holliday, Rachel Saltsman, Kandice Damiano, Dyann McCully, Lani Sandu, Annie Counts,** and **Kaitlin Goddard** were named in the Estate Planning and Probate category, while **John Hunter** and **Len Woodard** were named in the Tax category.
- **Jeff Hamilton** was named a Best Lawyer in Dallas by *D Magazine*.

We are excited to share that **Annie Counts, Tara Pedian,** and **Doug Harvey** have been promoted to Senior Associate. **John Hunter** celebrated 25 years with the Firm this year, during which time he has been an indispensable part of the Firm’s success and ability to provide our clients with creative and unique tax strategies. We are pleased to continue the tradition of establishing and maintaining long-term relationships with seasoned, professional attorneys.

We were also fortunate to add two outstanding attorneys to our team and to welcome back a treasured member of The Blum Firm family. **Stuart Bumpas** joined our Dallas office and brings with him decades of experience serving nonprofit organizations, art collectors, museums, schools, and charitable foundations. Stuart’s distinguished career includes serving as Assistant to the Commissioner of the Internal Revenue Service and as General Counsel for the Dallas Museum of Art, The Hockaday School, and The Dallas Foundation.

Rachelle Stapley joined our Fort Worth office. Rachelle earned her Bachelor of Arts in economics, *cum laude*, and her J.D., *magna cum laude*, from Brigham Young University. She previously practiced as a tax associate at Kirkland & Ellis in New York and Los Angeles, where she advised private equity clients on the tax aspects of fund formation. She also advised various charitable organizations, assisting with formation, mergers, wind-ups, and ongoing legal compliance.

Rachel Saltsman returned to our Fort Worth office after a 3-year stint at Northern Trust, where she oversaw all aspects of the local fiduciary practice and aided clients with their estate planning goals. Prior to joining Northern Trust, Rachel spent 14 years with The Blum Firm, during which time she developed a reputation as a highly skilled attorney who is dedicated to serving her clients with the utmost care and excellence.

We wish you a happy and healthy 2026! Please don’t hesitate to reach out to us if we can assist you in any way.

The Blum Firm, P.C.



**The Blum Firm 2025 Holiday Party
(Staff and Family Members)**

Marvin E. Blum[°]
John R. Hunter[§]
Amanda L. Holliday[°]
Len Woodard[°]
Rachel W. Saltsman^{*}
David C. Bakutis^{*}
R. Dyann McCully^{*}
Jeffrey S. Hamilton[¶]
Julie P. Nelson[†]
Kandice R. Damiano[†]
Frank L. Leffingwell[†]
Matthew G. Rittmayer^{*}
Christopher G. Beck[†]
Lynn Waller Kelly
Emily K. Seawright^{*}
Lani Payne Sandu[¶]
Beth Hampton
Son T. Nguyen[†]
Catherine R. Moon[°]
Annie B. Counts
Tara N. Pedian
Doug W. Harvey
Parisa Azalli[†]
Anna Rose St. Martin
Kaitlin R. Goddard
Mackenzie Cooper
Joshua M. Chandler
Rachelle Stapley
Edward A. Copley
Senior Counsel
Stuart M. Bumpas[†]
Senior Counsel
David D. Claflin^{*}
Emeritus

* Board Certified in Estate Planning and Probate Law by Texas Board of Legal Specialization

§ Board Certified in Tax Law by Texas Board of Legal Specialization

° Certified Public Accountant

¶ LL.M. In Taxation

MAKE THE ADMINISTRATION PROCESS EASIER ON YOUR HEIRS

When someone passes away, grieving family members are suddenly faced with dozens of urgent questions. You can spare your loved ones this confusion by implementing the following steps (i) **funding your Living Trust** and (ii) creating a comprehensive roadmap for your family (something we call “**The Red File**”).

If you have created a Living Trust, transferring your assets into it during your lifetime maximizes its benefits. This is especially critical for real estate and business interests. We are happy to help you deed and assign your property to your Living Trust. The benefit is significant as **assets transferred to your trust avoid probate entirely**. Your trustee can manage and distribute everything immediately without waiting months (or longer) for court approval.

The Red File complements your estate plan by creating a clear roadmap for your loved ones, including where to find important documents, account information, and your medical and funeral wishes. It also addresses incapacity planning and, for business owners, provides guidance on business continuity. Together with a funded Living Trust, the Red File reduces the administrative burden on your family, allows assets to pass privately without court involvement, and ensures your wishes are clear when they are needed most.

TEST DRIVE YOUR ESTATE PLAN

Would your estate plan work the way you expect if it were put into action today? Our estate plan “test drive” answers that question by walking through your plan as if death had occurred.

Dispositive Provisions. A careful review of your Will or revocable trust clarifies who is to receive your assets and under what terms, and coordinating your documents with any non-probate assets ensures that beneficiary designations and account stylings work in harmony with (not against) your plan.

Fiduciaries. It is important to reassess the fiduciaries named in your Will and trust to confirm they remain appropriate, capable, and willing to serve. Similarly, reviewing the agents appointed under your financial and medical powers of attorney helps ensure the right people are empowered to act for you if needed.

Tax Exposure. A closer look at potential estate tax exposure and liquidity needs can uncover practical challenges that may not be apparent from your documents alone. For example, it is prudent to determine whether your estate would have sufficient liquidity to pay taxes and estate administration expenses without forcing asset sales. Our team can help you model these issues and identify strategies to improve tax efficiency and liquidity.

CASH IS KING: HAVE A LIQUIDITY PLAN

Various bills, expenses, and costs are bound to arise after you pass away, causing stress for family members. What can you do now to provide them with immediate liquidity upon your passing?

One step is to purchase **life insurance**. Life insurance policies pay out a specified amount of money upon death income tax-free to the named beneficiaries of the policy. Your loved ones can use this immediate influx of liquidity to cover funeral costs, estate administration expenses, and other unexpected items. Just make sure that you fill out the beneficiary designation form!

A second step is to restyle bank accounts as “joint tenants with rights of survivorship” (**JTWROS**). If you have a bank account that you primarily use for daily living expenses, you can put a second individual, whether that be a spouse, partner, or loved one, on that account and designate it as JTWROS. Upon your death, the other account owner presents the bank with a death certificate and the bank retitles that account into the name of that individual, bypassing the probate process and providing that loved one with immediate access to funds to continue paying bills or other expenses.

HAVE A PLAN TO PROTECT YOUR ASSETS FROM CREDITORS

While your Will or Revocable Trust governs how your assets are administered at death, a well-rounded estate plan also protects your assets during your lifetime, and if existing legal and insurance protections aren’t sufficient, additional asset protection strategies may be appropriate.

•**Entity Planning.** Entity planning is typically the first line of defense and focuses on liability containment. Limited liability companies (LLCs), partnerships, or corporations are used to hold operating businesses or high-risk assets (like rental real estate), so liabilities stay inside the entity and do not flow to the owner personally. If a claim arises, the creditor’s remedy is often limited (e.g., a charging order), protecting both the underlying assets and other unrelated holdings.

•**Trust Planning.** Trust planning acts as the second line of defense by addressing ownership risk and creditor access. Trusts, such as irrevocable spendthrift trusts, are often layered above entities by having the trust own the entity interests rather than the individual. This removes personal ownership, restricts creditor rights at the individual level, and ensures long-term control and distribution of wealth. Together, entities isolate risk, while trusts protect ownership and succession, creating a stronger, multi-layered asset protection structure than either strategy alone.

•**Marital agreements** can operate as the third line of defense by addressing marital and divorce risk, which entities and trusts alone may not fully cover. A well-drafted marital agreement can define separate property, limit claims to business interests or trust assets, waive community property rights, and clarify income and appreciation treatment. When coordinated with entity and trust planning, a marital agreement helps ensure that assets protected from creditors are also shielded from unintended division in divorce – creating a comprehensive, multi-layered asset protection strategy.

WHY PROBATE ADMINISTRATION MATTERS IN LITIGATION

Personal injury and medical malpractice claims involving deceased or incapacitated individuals in Texas require careful navigation of probate law, as it determines **who has authority to bring a claim and who may receive any recovery**. Standing and capacity are distinct but critical concepts: standing addresses whether a valid claim exists, while capacity determines who may file suit. For survival claims, only a court-appointed personal representative has authority, and the recovery becomes an estate asset subject to probate and potential creditor claims. Wrongful death claims, in contrast, belong exclusively to statutory beneficiaries—surviving spouse, children, and parents—and bypass the estate entirely.

Proper probate administration is central to resolving these cases. Whether a decedent dies with or without a valid Will, identifying heirs, appointing executors or administrators, and clarifying family structure ensures that claims are brought by the correct parties and settlements are handled lawfully. When the injured party is still alive but incapacitated, powers of attorney or guardianships may be necessary to authorize litigation. Our attorneys can carefully assess debts, heirs, and estate complexities, and, when possible, use family settlement agreements to prevent disputes. Mastery of the intersection between Texas probate law and personal injury litigation safeguards both the rights of the injured and the proper distribution of any recovery.

This newsletter contains generalizations and simplifications. Prior to implementing any estate plan, you should consult with competent tax and legal counsel to assess your specific circumstances and determine whether any particular technique discussed in this communication would be appropriate for you and could be implemented in a manner designed to achieve the desired favorable outcome. This newsletter including any attachments is not intended to be, and should not be construed as, U.S. federal tax advice for purposes of Circular 230 and may not be used for the purpose of avoiding penalties under the Internal Revenue Code. Additionally, this newsletter including any attachments is for education purposes and is not intended to be used for, and should not be used for, the purpose of promoting, marketing or recommending to another party any transaction or matter addressed herein.

ESTATE TAX PLANNING FOR GROWING ASSETS

With growing asset values, estate tax planning is relevant for more families than ever before. Planning ahead can reduce, or even eliminate, future estate taxes. As of January 1, 2026, the federal estate and gift tax exemption is **\$15 million per person** (or **\$30 million for a married couple with proper planning**). This is the amount you can transfer during life or at death without paying federal estate tax. Amounts above this level are taxed at 40%. You can also continue to make annual gifts of up to **\$19,000 per recipient** without using your lifetime exemption.

Even with high exemption amounts, advanced planning matters—especially if your assets are growing. “**Squeeze and freeze**” strategies aim to:

- Discount the taxable value of assets prior to the transfer, and
- Move future growth out of your estate to Trusts for your family.

These techniques can be especially effective for real estate, investment portfolios, and family-owned businesses when implemented early.

Married couples should also plan for **portability**, which allows a surviving spouse to use the deceased spouse’s unused estate tax exemption. Portability is not automatic – a federal estate tax return must be filed on time to preserve it, even if no tax is due. Failing to plan for portability can result in the permanent loss of valuable exemption. Proactive planning can significantly reduce or eliminate estate taxes.

LEGACY PLANNING: PREPARE YOUR HEIRS

Passing down wealth and complex assets (such as a family business) to unprepared heirs can put wealth in the hands of stewards who are unprepared to handle the resources provided to them. To help ensure the financial resources last for generations to come, and to build a lasting legacy, it is important to prepare your heirs for what lies ahead. Without guidance, sudden financial responsibility can strain relationships, dilute purpose, and erode what the family worked to create. With the tools outlined below, heirs are better equipped for success:

•Creating a set of **core family values** provides a compass for using wealth in ways that support responsibility, contribution, and long-term unity.

•**Regular family meetings** create a forum for open communication, shared decision-making, and alignment across generations. To secure funds to support these meetings, consider establishing a Family Advancement Sustainability Trust – a “**FAST Trust**.” The FAST trust is designed to provide for the means for continued family togetherness and collaboration by establishing resources and governance for meetings.

•Education—financial, legal, and personal—equips heirs to understand not just how assets work, but why they exist.

Thoughtful preparation turns inheritance into continuity, not conflict. Our attorneys are here to help you prepare your heirs and implement planning strategies that support a lasting family legacy.

PURPOSE DRIVEN BUSINESS SUCCESSION PLANNING

Much like building a travel itinerary, business succession planning starts with the destination. To determine the best way to get somewhere, you have to know where you’re going. The first step in any winning business succession plan is to develop an **Objectives Statement**. An Objectives Statement is designed to identify business values and business goals to ensure a smooth leadership transition that preserves legacy and culture while providing clear direction for future generations to promote continuity and stability.

Crafting an Objectives Statement involves a values-based discussion to identify and define the intangible qualities of your business, which will in turn serve as the guidelines for your business succession planning. Developing an Objectives Statement is a critical first step because it ensures that *goals* are aligned with *values*. Some examples of guiding questions include:

- What parts of your business are most important or meaningful to you?
- What do you hope to pass along to your family, employees, or future owners?
- What do you want your legacy, or the legacy of your business, to be?

It is only after these *qualitative* values have been defined that your focus should shift to *quantitative* and technical matters such as **transaction structure, tax mitigation, and business valuation**. However, there are also practical considerations to creating an Objectives Statement. By developing big picture, guiding principles, it will be easier to address potentially sensitive matters such as choosing successors, defining roles, continued ownership, and profit distributions, particularly among family members. It is through the guiding principles derived from an Objectives Statement that resolving these practical matters, such as identifying successors and structuring a transition, become easier to resolve.

Whether your business is just starting out or you’re eyeing an exit, it’s never too early or late to develop a business succession strategy. If you need to develop a plan from scratch, have an existing plan reviewed, or tax plan for a liquidity event, our attorneys are here to help you and your family with your business succession goals.

BEFORE “I DO”: PROTECT ASSETS AND FAMILY HARMONY

A well-structured prenuptial agreement removes uncertainty before it has a chance to cause problems. By clearly defining **how assets and income will be treated during the marriage**, a prenup eliminates guesswork and protects both spouses from misunderstandings that can otherwise turn into expensive disputes. Clarity now is far easier—and far less costly—than untangling matters later.

In **second marriages**, that clarity matters even more. Without a clear, written plan, uncertainty often creates unnecessary tension between children and a new spouse. A prenup signals, in a concrete and documented way, that existing family commitments are being respected. It draws clear boundaries, reinforces your estate plan, and significantly reduces the risk of conflict or litigation down the road.

Planning early helps preserve both wealth and relationships. If you are considering marriage—or remarriage—this is the moment to put those protections in place.

If you would like to discuss whether a prenuptial agreement makes sense for your family, contact our office to schedule a confidential planning conversation well before the wedding date.

NUMBERS TO KNOW IN 2026

Annual Gift Tax Exclusion Amount	Individual \$19,000*	Married Couple \$38,000*
Combined Lifetime Federal Estate Tax and Generation-Skipping Transfer Tax Exemption Amount	Individual \$15,000,000	Married Couple \$30,000,000
*Plus unlimited amounts for education or medical expenses, paid directly to the service provider.		

The comments compiled for this newsletter are general in nature and are not tailored to any particular situation. As in the case with any estate, tax or financial planning recommendation, the planning tips suggested in this summary should not be implemented without carefully considering the total economic impact and obtaining the advice of counsel. The advice of an attorney, accountant, or other financial planning professional will provide valuable aid in analyzing the suitability of the particular estate, tax, or financial planning tip for you. By providing this information, The Blum Firm, P.C. does not assume any obligation to provide notification of future changes in laws. Please contact us if the information we have provided affects you and you would like to discuss. The content of this letter was prepared by Marvin E. Blum.

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PLAN AHEAD FOR INCOME TAX SAVINGS

Qualified Small Business Stock (QSBS): How would you like to sell your interest in a closely-held company and not pay any tax on the gain? You may be able to if your interest is in QSBS. If you qualify, the exclusion of tax can be the greater of ten times the Section 1202 basis in the stock, or \$15 million for QSBS acquired after July 4, 2025. Old rules required a 5-year holding period to receive any benefit. New changes to the law provide a 75% benefit for sales after 4 years, and a 50% benefit for sales after 3 years. Talk to us about how you may qualify or how an existing company may be restructured to make your interest qualify as QSBS.

Roth IRAs: Roth IRAs are some of the best tax-saving investment vehicles around. Roth owners will not pay income tax on income earned by assets held in the Roth. What if there were a way to contribute assets directly to a Roth without recognizing income on those assets, while taking advantage of the favorable tax treatment of the Roth? For certain assets there is a way, and we can tell you how.

Basis Bump Planning / Upstream Planning: For property held at death, those receiving the property as inheritance will receive a step-up in basis to the fair market value of the property as of the date of death. The problem with this tax benefit is that you have to die to take advantage of it. For those with high-value, low-basis assets, they may benefit from moving those assets “upstream” to an older generation to benefit from this tax savings during their lifetime.

Our team would be happy to assist you in evaluating these strategies and determining how they may be implemented in your planning in a way that best supports your goals and priorities.

For the latest in our Family Legacy Planning series, visit:

<https://www.theblumfirm.com/blums-blog/>

SUCCESS IS IN THE PLANNING. Provided by The Blum Firm, P.C. to provide current information about developments in tax and estate planning.

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