



FALL 2025

How H.R. 1 Reshapes
Estate Planning for
Individuals, Families &
Business Owners Alike

A Greener Garden State

Lindabury is Moving

planning matters

PRACTICAL INSIGHTS INTO
ESTATE PLANNING & WEALTH PRESERVATION

Compliments of Lindabury's Wills, Trusts & Estates Group

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LINDABURY
McCORMICK, ESTABROOK & COOPER, P.C.
Attorneys at Law

You're thinking about succession planning, and so are we.

Lindabury, McCormick, Estabrook & Cooper has you and your family covered. The attorneys in our Wills, Trusts & Estates group have experience levels ranging from 10 to 40+ years in the field of estate planning and estate administration.

MEET THE PLANNERS



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please welcome Meghan Lawlor to Our Wills, Trusts & Estates Group

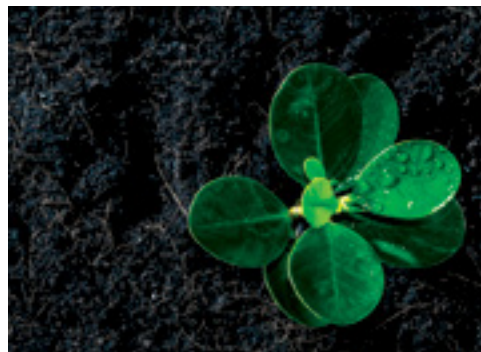
We are pleased to announce that Meghan Lawlor has joined Lindabury's Wills, Trusts & Estates group. Meghan's practice is focused on estate planning, estate administration, and estate litigation. She advises clients on all aspects of these matters and represents them in probate litigation and guardianship proceedings. She also advocates for clients in matters involving New Jersey Inheritance Tax Returns and related filings.

Admitted to practice in both New Jersey and New York, Meghan is a welcome addition to our team. We are confident her skills and dedication will be great assets to our clients and the firm.

a greener garden state human composting legalized

by Elizabeth Engert Manzo, Esq.

On September 12, 2025, Governor Murphy legalized "natural organic reduction" making New Jersey the 14th state to permit the composting of human bodies as an alternative to traditional burial or cremation. While the Board of Mortuary Science has yet to issue regulations that will govern the process, funeral businesses are expected to become licensed and start offering this service, also



known as "controlled supervised decomposition," by July 2026.

Advocates state that human composting is environmentally friendly because it does not use toxic embalming chemicals, uses less energy, and releases less carbon into the atmosphere than cremation. It also requires less land and leaves less of a carbon footprint than traditional burial.

Human composting uses a closed reusable vessel, along with other organic materials, to encourage natural decomposition over a 30 to 45 day process. Approximately 1 cubic meter of nutrient rich soil is created to support the ecosystem. Safety protocols, consumer protections, as well as how and where the transformed soil can be utilized will be clarified in the regulations.

By contrast, a "green burial" involves alternative preservatives for embalming, the use of caskets and shrouds made from sustainable and biodegradable materials such as wicker and hemp, and a "natural" cemetery. According to the New Jersey State Funeral Directors Association, there are currently six cemeteries in New Jersey that accept green burials.

While some may object on religious grounds, Bill A4085/S3007 passed both houses with overwhelming bipartisan support (37-2 Senate and 79-1 House) before signature into law. If you would like to make the Garden State just a little bit greener, we are happy to discuss modifications to your end of life directives to accomplish your goals.

Lindabury is moving to a new headquarters

We are excited to announce that our firm is relocating to a new, modern office in New Providence, New Jersey later this year. This move is a strategic investment designed to enhance the experience for our clients and our team.

Our new headquarters is located in a Class A, energy-efficient building with a layout that fosters collaboration across practice groups and creates a welcoming environment for client meetings.

This relocation reinforces our commitment to delivering responsive, high-quality legal services with the same depth of experience and professionalism you expect from Lindabury.

We look forward to welcoming you to our new home and will provide more details on our move-in date soon.

how H.R. 1 reshapes estate planning for individuals, families, and business owners alike

by Elizabeth Candido Petite, Esq.

The recent enactment of H.R. 1, commonly known as the “One Big Beautiful Bill Act,” or the “Act,” which has been signed into law, includes a critical provision that permanently and significantly increases the federal estate and gift tax exemption amounts. This will have a profound impact on wealth transfer strategies and may require the review and updating of existing estate plans.

For years, families and their advisors have navigated the complexities of fluctuating tax laws, often planning around temporary provisions and sunset clauses. This new law provides a welcome measure of certainty and offers opportunities for high-net-worth families and owners of closely held businesses to refine their legacy plans.

The Game-Changer: A Permanent Increase in Exemption

The most impactful change for estate planning comes from Section 70106 of the Act, which directly addresses Section 2010(c)(3) of the Internal Revenue Code, the section that sets the federal estate and gift tax exemption.

Prior to the Act’s enactment, the basic exclusion amount for federal estate and gift tax purposes was set to revert to \$5 million per person (which, indexed for inflation, would have been approximately \$7 million) at the end of 2025, following the expiration of the temporary doubling of the exemption amount enacted by the Tax Cuts and Jobs Act of 2017. This looming “sunset” created significant uncertainty and often drove planning discussions.

However, under the Act, the federal estate and gift tax exemption is now permanently increased to \$15 million per person, effective for estates of decedents dying and gifts made after December 31, 2025. This substantial \$15 million figure will also be indexed for inflation from calendar year 2025 forward, meaning it will continue to grow over time.

To put this into perspective, a married couple will now be able to transfer approximately \$30 million (plus inflation adjustments) free of federal estate and gift taxes. This is a monumental shift that demands a fresh look at your existing strategies and opens new avenues for future planning.

For New Estate Plans: A Shift in Focus

If you are just beginning to formalize your estate plan, this law offers a clearer path forward. While federal estate tax remains a consideration for the very largest estates, many families will find themselves comfortably below the new, higher exemption thresholds. This allows a shift in focus from solely minimizing federal estate tax to addressing other objectives:

1. Asset Protection: Protecting your hard-earned

assets from potential threats such as creditors, lawsuits, or divorce remains paramount. Strategic use of trusts and other entities can safeguard wealth for future generations.

2. Business Succession Planning: For owners of closely held businesses, this is often the most complex and vital aspect of estate planning. The new law reinforces the need for succession strategies that ensure a smooth transition of leadership and ownership, preserve business value, and provide liquidity for your family without forcing a sale of the enterprise in order to pay estate taxes. Focus can now be placed more heavily on operational continuity and leadership development.

3. Income Tax Planning: With less emphasis on estate tax, the focus on income tax efficiency becomes even more important. Assets that remain in your estate will generally receive a “step-up in basis” at death. This means the cost basis of those assets (for capital gains tax purposes) is adjusted to their fair market value on the date of death. This can significantly reduce or eliminate capital gains taxes for your heirs when they eventually sell those assets. This is a powerful benefit that can now be leveraged more broadly.

4. State-Level Taxes: It’s crucial to remember that this federal law does not impact state-level estate or inheritance taxes. Many states have their own transfer taxes that apply at much lower thresholds than the federal exemption. For example, New Jersey’s inheritance tax is imposed on bequests to individuals who are not a spouse, direct ancestor, or direct descendant of the decedent; this tax may kick in at bequests as little as \$500 and can range anywhere from 11–16% of the bequest.

For Existing Estate Plans: A Critical Review is Imperative

If you already have an estate plan in place, now is a good time to review it. Your existing documents may contain “formula clauses” designed to

minimize estate taxes under previous laws. These clauses often direct assets to specific trusts (like “credit shelter” or “bypass” trusts) based on the federal estate tax exemption amount in effect at the time of your death.

With the new, significantly higher exemption, these formulas could lead to unintended consequences, such as:

- **Overfunding of Trusts:** A trust designed to receive “the maximum amount that can pass free of estate tax” might now receive a much larger portion of your estate than originally intended (or all of your estate), potentially disinheriting other beneficiaries or creating liquidity issues.

- **Unintended Beneficiaries:** Assets might be allocated to certain family members, leaving less than you had desired for others.

- **Income Tax Inefficiencies:** Assets passing into certain trusts might not receive the full “step-up in basis” at death, leading to higher capital gains taxes for your heirs down the line.

Furthermore, your existing gifting strategies should be re-evaluated. The increased gift tax exemption allows you to make larger lifetime gifts without incurring gift tax or using up all of your estate tax exemption. For individuals who have already used a significant portion (or all) of their lifetime exemption amount, the increased exemption also gives them more that can be applied to additional lifetime gifts. Gifting can be an effective way to remove appreciating assets from your taxable estate, benefiting your heirs and potentially reducing future transfer tax exposure.

For All Clients:

- **Know Your Net Worth:** List your assets and debts to see how the new exemption applies to you.

- **Review Your Goals:** Update your plan if family needs, charitable giving, or business plans have changed.

- **Plan Beyond Taxes:** Focus on protecting assets, planning for long-term care, managing digital assets, and having clear instructions if you become incapacitated.

For Business Owners:

- **Update Your Succession Plan:** Decide who will take over leadership and ownership. Consider buy-sell agreements, management changes, and ownership transfers.

- **Plan for Liquidity:** You may still need cash for state taxes, business costs, or to balance inheritances.

- **Get a Proper Valuation:** An accurate business value is key for gifts or transfers at death.

Conclusion:

The permanent increase in the federal estate and gift tax exemption offers a chance to simplify certain aspects of your planning while allowing more strategic attention to your unique family dynamics, business continuity, and long-term legacy.

For more detailed assistance with estate planning needs, please visit lindabury.com



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