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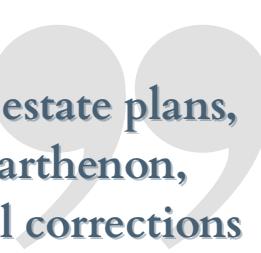
FAMILY OFFICE

The Parthenon Blueprint: 1Q26 Tax Letter

The Parthenon Blueprint

In 447 BC, Athens began construction of the Parthenon, a temple designed not for a season but for the ages. Its architects introduced subtle refinements, from inward leaning columns to gently curving steps, so the structure would appear perfectly proportioned and would endure for centuries. These refinements were not decorative flourishes but corrections engineered at the outset so the whole would read as balanced from every angle. That same discipline applies to sophisticated estate planning, where details must be designed from inception to withstand time, growth, and changing law. History offers enduring examples of this discipline. John D. Rockefeller and Andrew Mellon, contemporaries who reshaped both private wealth and public institutions, built legacies that continue to define how families think about continuity and purpose. Their names endure not because of any single technique, but because their estates were conceived as structures rather than transactions.

Zero tax estate planning follows this philosophy of intentional design. It begins with the recognition that wealth does not remain static simply because planning pauses. Administrations change, tax policy shifts, and enforcement priorities evolve, but asset values continue to compound in the background. A durable estate plan cannot be reactive, because reaction is inherently delayed. Instead, it must be engineered to last, using current law as a set of building materials rather than a set of assumptions about the future. The objective is not to chase loopholes or predict legislation, but to construct a coordinated system that remains effective regardless of political cycles and statutory change, preserving capital through structure rather than episodic planning. The enduring estates associated with families such as Rockefellers and Mellons demonstrate that when wealth is organized as architecture, fiduciaries can steward it through decades of legal change without losing its structural integrity. Seen this way, the estate and gift tax exemption is not the objective of planning, but the first constraint within which an enduring structure must be designed.



**Designing lasting estate plans,
much like the Parthenon,
requires thoughtful corrections
from the outset to withstand
time and change.**

The Planning Horizon: Estate Exposure in a Post Exemption World

As of 2026, the federal estate and gift tax exemption stands at \$15 million dollars per individual and \$30 million dollars for married couples, adjusted annually for inflation. At the highest levels of private wealth, families have a rare opportunity to shift extraordinary capital beyond the taxable estate with minimal transfer tax friction. From a planning perspective, this exemption level functions much like the foundation of a monumental structure: it defines the starting point, but it does not determine how much weight the structure above can ultimately bear.

Even when exemption is fully deployed, retained control, continued appreciation, and a natural reluctance to part with capital often leave substantial value inside the estate. Even after a substantial lifetime gift, an individual may still see their estate grow by hundreds of millions over the following decades, particularly where operating businesses, private equity interests, or concentrated positions continue to perform. The challenge, therefore, is not short-term avoidance, but the construction of a coordinated framework in which lifetime transfers, charitable leverage, trust structure, and governance operate together to produce a controlled, principled result that remains effective long after exemption has been exhausted. Once exposure is understood in these terms, the question becomes not whether exemption should be used, but how deliberately it should be deployed.

Lifetime Planning with Remaining Exemption

Lifetime planning is most powerful while exemption remains available, but its effectiveness is determined entirely by how deliberately that exemption is deployed. Exemption squandered on low growth assets or inefficient transfers is permanently lost, which is why families often hesitate at this stage. The focus must be on leverage, using structures that amplify the impact of each dollar of exemption applied and concentrate that exemption on assets capable of long-term appreciation.

Valuation discounts play a central role in that leverage. Transfers of non-controlling interests in closely held entities allow appropriate discounts for lack of marketability and lack of control. A partnership interest with an underlying value of \$20 million dollars may appraise at \$14 million dollars for gift tax purposes, allowing substantially more economic value to be removed from the estate than the nominal gift amount suggests. When transferred into dynasty trusts, discounted interests create permanent capital bases that compound free of future transfer tax, converting a one-time exemption use into multigenerational leverage rather than a static transfer. Yet even when leverage is compelling on paper, families often pause at the moment when mathematics gives way to emotion. That hesitation is costly, as the enduring legacy associated with the Rockefeller family reflects how disciplined structural design, rather than any single maneuver, can allow concentrated wealth to compound across generations beyond the ordinary reach of transfer taxation.

Spousal Lifetime Access Trusts (SLATs) address a different but equally important concern: access. Under this structure, one spouse creates an irrevocable trust for the benefit of the other, often including descendants, and funds it using exemption. Assets are removed from the taxable estate and grow in a generation skipping transfer tax-exempt environment, while the beneficiary spouse retains access through discretionary distributions. For many families, SLATs represent the point at which planning becomes emotionally feasible. Proper drafting remains essential to ensure the trusts are structured independently and to optimize situs and income tax treatment, but the structure allows exemption to be converted into long-term dynasty capital without severing all ties to the transferred assets.

Sales to Intentionally Defective Grantor Trusts (IDGTs) provide another powerful method of leveraging exemption while preserving continuity. Discounted interests are sold to a grantor trust in exchange for a promissory note. Because the transaction is disregarded for income tax purposes, no gain is recognized, and post-sale appreciation accrues outside the grantor's estate. A modest seed gift establishes commercial substance and facilitates servicing of the note. When structured correctly, the transaction resembles a reallocation of future growth rather than a true divestiture.

Preferred partnership recapitalizations operate on similar principles. The senior generation exchanges common equity for preferred interests with fixed returns, freezing value at the top while directing future appreciation to junior interests held outside the estate. Combined with valuation discounts, these recapitalizations expand the reach of remaining exemption while preserving predictable economics and governance for the senior generation. Together, these techniques form the primary phase of construction, built on available exemption but designed with the expectation that exemption will not last indefinitely.

Lifetime Planning without Remaining Exemption

For many families, the estate and gift tax exemption has already been fully used, often after years of incremental planning followed by decisive action, yet the structure continues to grow as asset values rise. At this stage, planning shifts from deployment to redirection. The objective becomes freezing retained value, redirecting appreciation, and using charitable or actuarial leverage to continue moving wealth outside the estate without relying on additional exemption.

Grantor Retained Annuity Trusts (GRATs) remain effective even without remaining exemption. Assets are transferred to short-term trusts with annuity payments calibrated to eliminate taxable gifts at inception. If assets outperform the assumed rate of return, excess value passes to remainder beneficiaries outside the estate. If they underperform, the structure simply unwinds with little cost. In practice, families use rolling GRATs, in kind annuity payments, asset substitution powers, and short trust terms to manage volatility and mortality risk while harvesting appreciation over repeated cycles.

As planning advances further into this phase, the tools become more situational and require a narrower alignment of economics, timing, and individual circumstances. Mortality based strategies such as private annuities and self-cancelling installment notes (SCINs) can move significant value when exemption is gone, provided their economics and documentation are rigorous. These techniques rely on actuarial pricing, appropriate mortality assumptions, and real economic risk, and they require candid conversations about health and longevity. When used appropriately, they provide leverage at a stage when other planning tools have already been exhausted.

“I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty.”

-John D. Rockefeller

At this point, planning often benefits from reintroducing balance, not merely through technique, but through alignment of financial outcomes with broader purpose. Charitable structures often become increasingly important, not as a fallback, but as an intentional component of value redirection. Lifetime Charitable Lead Annuity Trusts (CLATs) funded with appreciating assets generate income tax deductions while shifting remainder value to family with minimal transfer tax exposure. Charitable Remainder Unitrusts (CRUTs) allow diversification of low basis assets without immediate capital gain recognition, provide income streams to family members, and secure a charitable remainder aligned with philanthropic intent.

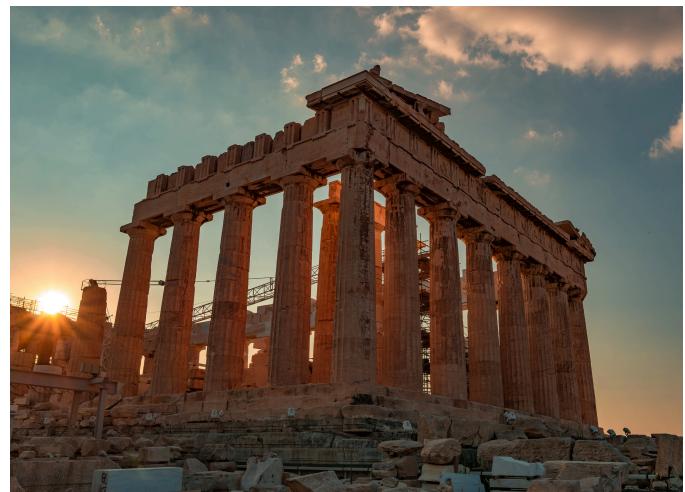
Drafting details, payout structures, and investment policy must be aligned from inception to ensure these trusts perform as designed. Mellon's enduring philanthropic legacy illustrates how charitable architecture, when designed as an integrated component of the overall framework rather than as an afterthought, can redirect vast economic power toward permanent public purpose while reinforcing the stability of the private wealth system that surrounds it.

Trust Design: The Structural Framework

All these techniques ultimately succeed or fail not in isolation but based on the trusts that receive transferred wealth. Trust design determines where income is taxed, who controls investments, how distributions are made, and whether transferred assets remain outside the estate over time. Modern trusts must balance flexibility with discipline, incorporating directed investment authority, substitution powers, decanting provisions, and carefully calibrated distribution standards that allow adaptation without erosion.

A central decision is whether a trust should be structured as a grantor trust or a non-grantor trust. Grantor trusts allow the grantor to bear the income tax burden on trust earnings, effectively making additional tax-free transfers each year as trust assets compound without tax drag. Non-grantor trusts, by contrast, may offer advantages for income tax planning, state tax mitigation, or Qualified Small Business Stock stacking strategies. These decisions should be evaluated case by case, aligning income tax efficiency with long-term estate and governance objectives.

Generation skipping transfer (GST) tax allocation remains a quiet but critical multiplier. Proper allocation converts a one-time transfer into a perpetual shield. Without it, assets remain vulnerable to erosion at subsequent generational levels. Integrated correctly, GST planning ensures transferred wealth remains protected, durable, and aligned indefinitely. This perpetual shielding effect explains why trust architectures associated with families such as Rockefellers and Mellons continue to shape both private wealth and public institutions generations later, long after the technical details of the statutes that governed their era have faded.



Much like the Parthenon itself, the durability of the structure depends less on any single column than on how the columns are aligned and supported over time. The temple's architects understood that flexibility without discipline would lead to distortion, while rigidity without foresight would invite fracture. Trust design operates under the same constraints. When governance, tax allocation, and control provisions are harmonized from the outset, the structure does not merely stand; it remains stable as pressures accumulate around it. However, even the most carefully designed structure must account for its endpoint, which is why testamentary planning is best understood as integral to the design rather than a postscript.

Testamentary Planning: Finalizing the Framework

Even the best lifetime planning leaves residual estate value, and testamentary planning activates the final layer of the design. Testamentary CLATs can dramatically reduce estate tax by funding charitable annuities while passing remainder value to family. Charitable remainder trusts balance income needs with philanthropic goals, while testamentary dynasty trusts capture remaining wealth and embed governance mechanisms that preserve family capital over time. Mellon's enduring philanthropic legacy predates these modern tools, yet it exemplifies the central lesson of this framework: when charitable architecture is designed as an integrated structural component rather than as an afterthought, the form of the technique may change, but the power of the design to redirect wealth toward permanent public purpose while stabilizing private capital endures.

Accordingly, testamentary planning is not a fallback. It is the keystone that ensures whatever remains at death is directed into structures that reinforce the plan rather than unravel it. In architecture, the keystone does not bear the greatest weight, but it ensures that all other forces remain in equilibrium. The Parthenon was not designed with the expectation that every measurement would be perfect forever, only that the final stone would lock the structure into balance.

Testamentary planning serves that same function. It acknowledges that lifetime planning, no matter how thoughtful, will never be complete, and it ensures that whatever remains at death is absorbed into the same intentional architecture rather than allowed to collapse under its own weight.

In Conclusion

The Parthenon endures because strength and balance were embedded into every detail of its design. The same principle governs enduring estate plans. Rockefeller and Mellon are remembered not because of any particular technique, but because their legacies were constructed as systems rather than transactions, architectures capable of absorbing legal change while preserving purpose across generations. For families operating at the highest levels of private wealth, success is not measured by immediate tax savings but by durability across time. That durability depends on intentional design, careful sequencing, and coordination across strategies. When these elements are aligned, the result is not a loophole but an architecture, resilient, balanced, and designed to last as surely as the Parthenon itself.

1Q26 Tax Letter

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