

Swan Songs: Simplifying the Generation-Skipping Transfer Tax

Swan Songs is a series designed to explain important estate planning concepts to advisors and their clients in an easily digestible way.

Authors	Date	Topic
Holly Swan	1/12/2026	Tax Management

Simplifying the Generation-Skipping Transfer Tax

The generation-skipping transfer (GST) tax is a federal tax that applies to transfers of wealth that skip over generations. It primarily aims to prevent individuals from avoiding the inclusion of gifted or inherited assets in their children's taxable estates by transferring assets directly to grandchildren or other beneficiaries who are two or more generations younger than the transferor. Assets transferred to a grandchild whose parent (where that parent is the child of the transferor) is deceased are not considered to be skip transfers for purposes of the GST tax.

Each taxpayer has a GST exemption that allows certain transfers to be made without incurring the tax. As of 2026, this exemption amount is \$15 million per transferor, which means a person can transfer a lifetime total of \$15 million without incurring a GST tax. However, if the combined value of the person's transfers exceeds the exemption amount, the GST tax is imposed at the highest estate tax rate—currently, 40%.

The GST tax generally will not apply to annual exclusion gifts or payments made on behalf of a skip person for education or medical care. Above these amounts, it's important to note that in order to make tax-free gifts to generation-skipping recipients, grantors *must apply both*: a portion of their GST exemption *and* their unified credit. While the unified credit and the GST exemption are both the same amount (\$15 million), they operate separately and often need to be applied together to achieve the desired tax outcome. We explain how the annual exclusion and the unified credit each work in our article, [Swan Songs: Gifting, Simplified](#).

Allspring Global Investments does not provide accounting, legal, or tax advice or investment recommendations. Any tax or legal information on this page is merely a summary of our understanding and interpretations of some of the current income tax regulations and is not exhaustive. Investors should consult their tax advisor or legal counsel for advice and information concerning their particular situation.

This material is provided for informational purposes only and is intended for retail distribution in the United States.

ALL-08222025-2i60uakd

This content and the information within do not constitute an offer or solicitation in any jurisdiction where or to any person to whom it would be unauthorized or unlawful to do so. It should not be considered investment advice, an investment recommendation, or investment research in any jurisdiction.

INVESTMENT RISKS: All investments contain risk. Your capital may be at risk. The value, price, or income of investments or financial instruments can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guarantee or reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

Allspring Global Investments™ (Allspring) is the trade name for the asset management firms of Allspring Global Investments Holdings, LLC, a holding company indirectly owned by certain private funds of GTCR LLC and Reverence Capital Partners, L.P. These firms include but are not limited to Allspring Global Investments Luxembourg, S.A.; Allspring Funds Management, LLC; Allspring Global Investments, LLC; Allspring Global Investments (UK) Ltd.; Allspring Global Investments (Singapore) Pte. Ltd.; Allspring Global Investments (Hong Kong) Ltd.; Allspring Global Investments (Japan) Ltd.; and Galliard Capital Management, LLC.

Unless otherwise stated, Allspring is the source of all data (which is current or as of the date stated). Content is provided for informational purposes only. Views, opinions, assumptions, or estimates are not necessarily those of Allspring or its affiliates, and there is no representation regarding their adequacy, accuracy, or completeness. They should not be relied upon and may be subject to change without notice.

© 2026 Allspring Global Investments Holdings, LLC. All rights reserved.