



Investment Solutions, Inc.

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For Your Information



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A Brief History of Estate Taxes

Federal estate taxes have been a source of funding for the federal government almost since the U.S. was founded.

In 1797, Congress instituted a system of federal stamps that were required on all wills offered for probate when property (land, homes) was transferred from one generation to the next. The revenue from these stamps was used to build the Navy for an undeclared war with France, which had begun in 1794. When the crisis ended in 1802, the tax was repealed.¹

Estate taxes returned during the build-up to the Civil War. The Revenue Act of 1862 included an inheritance tax, which applied to transfers of personal assets. In 1864, Congress amended the Revenue Act, added a tax on transfers of real estate, and increased the rates for inheritance taxes. As before, once the war ended, the Act was repealed.¹

In 1898, a federal legacy tax was proposed to raise revenue for the Spanish-American War. This served as a precursor to modern estate taxes. It instituted tax rates that were graduated by the size of the estate. The end of the war came in 1902, and the legacy tax was repealed later that same year.¹

In 1913, however, the 16th Amendment to the Constitution was ratified - the one that gives Congress the right to "lay and collect taxes on incomes, from whatever source derived." This amendment paved the way for the Revenue Act of 1916, which established an estate tax that in one way or another, has been part of U.S. history since then.¹

In 2010, the estate tax expired briefly. But in December 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The new law retroactively imposed tax legislation on all estates settled in 2010.²

In 2012, the American Tax Relief Act made the estate tax a permanent part of the tax code.³

As part of the 2017 Tax Cuts and Jobs Act, estate tax rules were adjusted again. The estate tax exemption was raised to \$11.2 million, a doubling of the \$5.6 million that previously existed. Married couples were able to pass as much as \$22.4 million to their heirs. As of 2025, that rate has risen to \$13.99 million per individual (and \$27.98

million for married couples). If you're uncertain about your estate strategy, it may be a good time to review the approach you currently have in place.⁴

Estate Taxes and Overall Federal Revenues

Estate taxes typically account for about one percent of total federal revenue.⁵

Chart Source: Treasury.gov, August 12, 2025

Exemption Through the Years

Federal estate taxes exempt a share of estates from federal estate taxes. For the 2025 tax year, if an estate is worth less than \$13.99 million, no federal estate taxes may apply.⁴

Year	Exclusion Amount	Highest Tax Rate
2013	\$5,250,000	40%
2014	\$5,340,000	40%
2015	\$5,430,000	40%
2016	\$5,450,000	40%
2017	\$5,490,000	40%
2018	\$11,180,000	40%
2019	\$11,400,000	40%
2020	\$11,580,000	40%
2021	\$11,700,000	40%
2022	\$12,060,000	40%
2023	\$12,920,000	40%
2024	\$13,610,000	40%
2025	\$13,990,000	40%

Chart Source: IRS.gov, 2024

Citations

- 1. IRS.gov, 2025
- 2. Congress.gov, 2025
- 3. Congress.gov, 2025
- 4. Investopedia.com, February 10, 2025
- 5. Treasury.gov, August 12, 2025

Fixed or Variable Mortgage, Which Should You Pick?

Buying a home is the single-largest financial commitment most people ever make. And sorting through mortgages involves a lot of critical choices. One of these is choosing between a fixed or variable interest rate mortgage.

True to its name, fixed-rate mortgage interest is “fixed” throughout the life of the loan. In contrast, the interest rate on a variable-interest rate loan can change over time. The mortgage interest rate charged by a variable loan

is usually based on an index, which means payments could move up or down, depending on prevailing interest rates.¹

Fixed-rate mortgages have advantages and disadvantages. For example, rates and payments remain constant despite the interest rate climate. But fixed-rate loans generally have higher initial interest rates than variable-rate mortgages; the financial institution may charge more because if rates go higher, it may lose out.

If prevailing interest rates trend lower, a fixed-rate mortgage holder may choose to refinance, and that may involve closing costs, additional paperwork, and more.¹

With variable-rate mortgages, the initial interest rates are often lower because the lender is able to transfer some of the risk to the borrower; if prevailing rates go higher, the interest rate on the variable mortgage may adjust upward as well. Variable-rate mortgages may allow borrowers to take advantage of falling interest rates without refinancing.¹

One of the biggest advantages variable-rate mortgages offer can be one of their biggest disadvantages as well. Rates and payments are subject to change, and they can rise over the life of the loan.

Should you choose a fixed or variable mortgage? Here are four broad considerations:

First, how long do you plan to stay in the home? If you plan on living in the home a short time before selling it, you may want to consider a variable-rate mortgage. With a shorter time frame, the loan will have less time to move up or down.

Second, what's happening with interest rates? If interest rates are below historic averages, it may make sense to consider a fixed rate. On the other hand, if interest rates are above historic averages, it may make sense to consider a variable-rate loan. Then, if interest rates decline, your interest rate may fall as well.

Third, under what conditions can the lender adjust the rate and payment? How frequently can it be adjusted? Is there a limit on how much it can be adjusted in each period? Is there a lifetime limit on how high the interest rate and payment can be raised?

And fourth, could you still afford your monthly payment if interest rates were to rise significantly? How would it affect your finances if your payment were to rise to its lifetime limit and stay there for an extended period?

For most, buying a home is a major commitment. Selecting the most appropriate mortgage may make that long-term obligation more manageable.

Average Interest Rate: 30-Year, Fixed-Rate Mortgages

According to the Federal Reserve Bank of St. Louis, the annual rate on the 30-year fixed-rate mortgage was 6.63 percent (as of February 2024).

Source: FRED.StLouisFed.org, 2025. For the period between January 2004 to August 2025.

Citations

1. Investopedia.com, July 19, 2024

For Your Information

- We are open from 9:00 a.m. – 5:00 p.m. Monday through Thursday, and 9:00 a.m. – noon on Fridays.
- We are open during the lunch hour.
- We have a mail drop on the far north door of the building. If you have any information you would like to deliver after normal business hours please drop it off there.
- We will be closed Thursday, November 27th and Friday, November 28th for the Thanksgiving Holiday.
- We are in the process of upgrading our phone system in January. When the upgrade is completed you will be notified of the following new numbers when you call our office:

Calling Long & Associates, P. C. 405-663-2918 will be upgraded to 405-776-0600

Calling Investment Solutions, Inc. 405-663-2916 will be upgraded to 405-776-0900

Fax Number 405-663-2126 will be upgraded to 405-776-0700

Autumn...the year's last, loveliest smile.

**“Be present in all things and thankful for all things.”
—Maya Angelou**



Long & Associates, P.C.

Assisting you with accounting, tax preparation, and tax planning

Investment Solutions, Inc.

Advising you and creating strategies for investment and retirement planning

Benefit Resource Group, Inc.

Handling employee benefits and other business services

Whether you need one of these services, or all three, you'll work with the same professional, knowledgeable staff with our Comprehensive Solutions Program

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