

Texas Homestead Exemption Increase Could Shift Estate Planning Strategies for Seniors and Families

Eric Grogan explains how Texas's new homestead exemption law could impact wills, trusts, and property transfers for seniors and homeowners statewide.

AUSTIN, TX, UNITED STATES, July 14, 2025 /EINPresswire.com/ -- Eric Grogan of Grogan Law, PLLC wants to shed light on how Texas's newly approved homestead exemption increase may impact estate planning for homeowners across the state. The recently signed legislation raises the school district homestead exemption from \$100,000 to \$140,000 and expands protections for seniors and disabled Texans, creating ripple effects in how families approach wills, trusts, and property transfers.

Signed by Governor Greg Abbott, the reform combines Senate Bill 4 and Senate Bill 23, both authored by State Sen. Paul Bettencourt. As explained in [coverage of the homestead exemption changes](#), the combined bills will increase the total exemption to \$200,000 for qualifying seniors and disabled homeowners. Bettencourt's office estimates the annual tax savings could reach \$907 for more than two million households.

For estate planners, the expanded exemption introduces new considerations. The homestead exemption reduces taxable property value and plays a key role in determining how real estate is handled during probate. It can shield a residence from certain debts and prevent forced sales, especially when surviving spouses or dependent family members remain in the home. These protections are governed by Texas law and directly affect decisions about asset distribution and survivorship rights.

Recent reporting on the proposed constitutional amendment highlights how the exemption increase may influence how homes are valued and taxed after an owner's death. As outlined in the [latest proposal to raise the statewide exemption](#), the exemption hike will be placed before voters in November. If approved, it would permanently alter how estate values are calculated for millions of families.

This shift is especially relevant in fast-growing regions like Austin, where rising property values increase the likelihood of estates exceeding probate thresholds. Homeowners may want to revisit whether their existing wills or trusts adequately address homestead status, or whether it makes sense to pursue other tools — such as transfer-on-death deeds or revocable trusts — to

streamline how a property passes to heirs. These strategies often appear in [comprehensive estate planning guidance tailored to Texas families](#), which consider homestead rules alongside tax, medical, and legal priorities.

Beyond tax benefits, the exemption plays a role in Medicaid planning and long-term care. In certain cases, a properly declared homestead can be excluded from Medicaid eligibility calculations, preserving the property for future generations. However, these protections often depend on occupancy status, ownership structure, and compliance with other state-level requirements — all of which intersect with how an estate is prepared in advance.

As lawmakers continue reshaping Texas tax law, estate planning strategies must keep pace. The homestead exemption may seem like a short-term budget issue, but its legal implications reach far beyond an annual tax bill. For families working to preserve generational wealth, these developments underscore the importance of having an estate plan that's current, coordinated, and built to withstand legal changes.

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