Market Update Luncheon

Presented by: Parkhurst Financial Services Investment Strategies

Agenda

Presented by Parkhurst Financial Services

- State Street – David Marshall
- SEI – Hank Kulik
- David Lenz
- Q&A


HAPPY 50th BIRTHDAY
JON


S&P 500 (^GSPC)
SNP - SNP Real Time Price. Currency in USD
5,723.47 +23.53 (+0.41%)
As of 02:10PM EDT. Market open.
Comparison
Indicators
Technicals
Corporate Events
Line
O 5,726.52 H 5,765.14 L 5,674.00 C 5,723.47 Vol NaN
vol undr 19,316,880,000.00
yahoo!finance
5,723.47
5,500.00
5,000.00
4,500.00
4,000.00
3,500.00
3,000.00
2,500.00
Apr
Jul
Oct
2020
2021
2022
2023
2024
1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max
Date Range
Interval: 1 week
10/4/2024

2024 Tax planning.

Today's areas of focus.

1	Understanding our Tax Bill
2	Itemized Deductions & Charitable Giving
3	Qualified Charitable Distributions
4	Tax Strategies in Low(er) Income Years
5	How SEI Can Help
	Q&A

Tax planning:

Controlling the controllables.

Deriving Taxable Income

	Total Income	*(1040 Line 9)*
+/-	Adjustments to Income	*(1040 Line 10)*
=	**ADJUSTED GROSS INCOME (AGI)**	***(1040 Line 11)***
-	Standard / Itemized Deductions	*(1040 Line 12)*
=	**TAXABLE INCOME**	***(1040 Line 15)***

Itemized Deductions and Charitable Giving.

Standard Deduction vs. Itemized Deductions.

2024 Standard Deduction Amounts	
Filing Status	**Deduction**
Single	**$14,600**
Married Filing Jointly	**$29,200**
Head of Household	**$21,900**

Itemized Deductions:

- Medical and Dental Expenses
- State and Local Taxes (“SALT”) – Capped at $10,000
- Interest Expenses – Home mortgage and investment interest
- Casualty and Theft Losses
- **Gifts to Charity**

***Only 10% of taxpayers itemize deductions and charitable donations are often the deciding factor.**

2024 Itemized Deduction Planning - An example.

Taxpayers will take the Standard Deduction:

Couple A - Married, in their early 60's

Medical Expense	$0
State & Local Tax (LIMITED)	$10,000 (LIMITED)
Mortgage Interest	$10,000
Gifts to Charitable	***$8,000***
Total Itemized Deductions	$28,000
Standard Deduction	**$29,200**

Taxpayers will use Itemized Deductions:

Couple B - Married, in their early 60's - "Bunch" their charitable deductions

Medical Expense	$0
State & Local Tax (LIMITED)	$10,000 (LIMITED)
Mortgage Interest	$10,000
Gifts to Charitable	***$24,000***
Total Itemized Deductions	**$44,000**
Standard Deduction	$29,200

SEI Giving Fund

How it works.

The donor contributes assets to a DAF and can recommend a specific charity for the fund to invest. The fund then makes the gift available to the charity. The tax deduction is available when the DAF the donor is contributing to is qualified, per IRS code 501(c)(3).

Logistics.

Donor eligibility

- Individuals
- Companies
- Trusts
- Estates
- Other entities

Minimums

Initial contribution minimum: **$5,000**

Additional contribution minimum: **$1,000**

Minimum grant amount: **$250**

The SEI Giving Fund ("Giving Fund") is a Donor-Advised Fund ("DAF") program offered by Renaissance Charitable Foundation Inc. ("Foundation"). The Foundation is a public charity described in 501(c)(3) of the Internal Revenue Code.

Planning idea: Donating appreciated securities.

Good

Checkbook giving

$8,000 a year

Unlikely tax deduction

Tax benefit = $0

Better

DAF with cash

$24,000 to DAF

DAF makes annual $8,000 grants

Likely tax deduction

Extra $15k deduction @ 37% = $5,500

Best

DAF with appreciated securities

$24,000 FMV to DAF / $10,000 cost basis

DAF makes annual $8,000 grants

Likely tax deduction and bypass capital gains tax

$15k deduction @ 37% = $5,500

$14k cap gain bypass @ 15% = $3,332

Tax benefit = $8,882

Qualified Charitable Distribution (QCD).

Qualified Charitable Distribution (QCD)

You must be **70½ or older** to be eligible to make a QCD.

The maximum distribution is **$100,000** (Indexed starting in 2024), per taxpayer.

QCD equals a reduction to AGI, **it is not** an itemized charitable deduction.

Potential benefits include:

1) Adjusted Gross Income (AGI) falling below the threshold of the Net Investment Income Tax
2) Less of the Social Security Income will be subject to tax
3) Lower AGI, could mean more Medical expense being deductible

Qualified Charitable Distribution (QCD)

Distribution must be made to a **public charity.**

- A donor advised fund is not a public charity
- QCDs must be paid directly to a qualified charity

Qualified charitable distributions **count towards RMDs.**

- One important caveat of using a QCD to satisfy an RMD obligation, is that an RMD is presumed to be satisfied by the *first* distribution that comes out of the IRA for the year

Planning point: Consider completing the QCD at the beginning of the year, then have the IRA owner take their RMD to their taxable account.

Important: Let the tax return preparer know a QCD was executed so the tax return is prepared correctly

Note: QCDs come from the taxable portion of the IRAs as opposed to pro-rata.

Tax Strategies in Low(er) Income Years.

Roth conversions (2024 tax rate schedule).

- The big questions:
  - What is the tax rate now versus the future tax rate?
  - Are there outside funds to pay for a taxable Roth conversion?

2024 tax brackets for single filers and married couples filing jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to $11,600	Up to $23,200
12%	$11,601 to $47,150	$23,201 to $94,300
22%	$47,151 to $100,525	$94,301 to $201,050
24%	$100,526 to $191,950	$201,051 to $383,900
32%	$191,951 to $243,725	$383,901 to $487,450
35%	$243,726 to $609,350	$487,451 to $731,200
37%	Over $609,350	Over $731,200

Source: IRS

Planning Idea: Pair a Charitable Contribution with a Roth Conversion

- Roth Conversions *INCREASE* taxable income

Charitable giving *DECREASES* taxable income

A) ROTH CONVERSION / NO CHARITABLE GIVING

Income:	$350,000
Roth Conversion:	$50,000
Total Income:	**$400,000**

MFJ 24% tax bracket

Taxpayers (MFJ) pushed into **32%** tax bracket

B) ROTH CONVERSION WITH CHARITABLE GIVING

Income:	$350,000
Roth Conversion:	$50,000
Charitable Giving:	*($25,000)*
Total Income:	**$375,000**

phases out at $383,900

Taxpayers (MFJ) remain in **24%** tax bracket

"Tax *Bracket Management*" - Applicable to other events that increase income:

- Bonus or stock option exercise
- Realized capital gains
- Sold real estate or business

Tax-gain/tax-loss harvesting.

2024 capital gains tax brackets

Federal tax rate	For unmarried individuals, taxable income over	For married individuals filing joint returns, taxable income over	For heads of households, taxable income over
0%	$0	$0	$0
15%	$47,025	$94,050	$63,000
20%	$518,900	$583,750	$551,350

Source: Internal Revenue Service

Net Investment Income Tax (NIIT) starts to apply when Adjusted Gross Income (AGI) exceeds $200k for Single Filers & HOH, $250k for MFJ

How SEI can Help.

2024 Federal Tax applications… HELP!

KEY FINANCIAL DATA 2024

SEI Investments
Independent Advisor Solutions by SEI

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Oaks, PA 19456

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2024 Tax Rate Schedule

Taxable income ($)	Base amount of tax ($)	Plus	Marginal tax rate	Of the amount over ($)
Single				
0 to 11,600		+	10.0	
11,601 to 47,150	1,160.00	+	12.0	11,600.00
47,151 to 100,525	5,426.00	+	22.0	47,150.00
100,526 to 191,950	17,168.50	+	24.0	100,525.00
191,951 to 243,725	39,110.50	+	32.0	191,950.00
243,726 to 609,350	55,678.50	+	35.0	243,725.00
Over 609,350	183,647.25	+	37.0	609,350.00
Married filing jointly and surviving spouses				
0 to 23,200		+	10.0	
23,201 to 94,300	2,320.00	+	12.0	23,200.00
94,301 to 201,050	10,852.00	+	22.0	94,300.00
201,051 to 383,900	34,337.00	+	24.0	201,050.00
383,901 to 487,450	78,221.00	+	32.0	383,900.00
487,451 to 731,200	111,357.00	+	35.0	487,450.00
Over 731,200	196,669.50	+	37.0	731,200.00
Head of household				
0 to 16,550		+	10.0	
16,551 to 63,100	1,655.00	+	12.0	16,550.00
63,101 to 100,500	7,241.00	+	22.0	63,100.00
100,501 to 191,950	15,469.00	+	24.0	100,500.00
191,951 to 243,700	37,417.00	+	32.0	191,950.00
243,701 to 609,350	53,977.00	+	35.0	243,700.00
Over 609,350	181,954.50	+	37.0	609,350.00
Married filing separately				
0 to 11,600		+	10.0	
11,601 to 47,150	1,160.00	+	12.0	11,600.00
47,151 to 100,525	5,426.00	+	22.0	47,150.00
100,526 to 191,950	17,168.50	+	24.0	100,525.00
191,951 to 243,725	39,110.50	+	32.0	191,950.00
243,726 to 365,600	55,678.50	+	35.0	243,725.00
Over 365,600	98,334.75	+	37.0	365,600.00
Estates and trusts				
0 to 3,100		+	10.0	
3,101 to 11,150	310.00	+	24.0	3,100.00
11,151 to 15,200	2,242.00	+	35.0	11,150.00
Over 15,200	3,659.50	+	37.0	15,200.00

Standard Deductions & Child Tax Credit

Filing status	Standard deduction
Married, filing jointly and qualifying widow(er)s	$29,200
Single or married, filing separately	$14,600
Head of household	$21,900
Dependent filing own tax return	$1,300*
Additional deductions for non-itemizers	
Blind or over 65	Add $1,550
Blind or over 65, unmarried & not a surviving spouse	Add $1,950
Child Tax Credit	
Credit per child under 17	$2,000 ($1,700 refundable)
Income phaseouts begin at AGI of:	$400,000 joint, $200,000 all other

Tax Rates on Long-Term Capital Gains and Qualified Dividends

If taxable income falls below $47,025 (single/married-filing separately), $94,050 (joint), $63,000 (head of household), $3,150 (estates)	0%
If taxable income falls at or above $47,025 (single/married-filing separately), $94,050 (joint), $63,000 (head of household), $3,150 (estates)	15%
If income falls at or above $518,900 (single), $291,850 (married-filing separately), $583,750 (joint), $551,350 (head of household), $15,450 (estates)	20%

3.8% Tax on Lesser of Net Investment Income or Excess of MAGI Over

Married, filing jointly	$250,000
Single	$200,000
Married, filing separately	$125,000

Exemption Amounts for Alternative Minimum Tax**

Married, filing jointly or surviving spouses	$133,300
Single	$85,700
Married, filing separately	$66,650
Estates and trusts	$29,900
28% tax rate applies to income over:	
Married, filing separately	$116,300
All others	$232,600
Exemption amounts phase out at:	
Married, filing jointly or surviving spouses	$1,218,700
Single and married, filing separately	$609,350
Estates and trusts	$99,700

Gift and Estate Tax Exclusions and Credits

Maximum estate, gift & GST rates	40%
Estate, gift & GST exclusions	$13,610,000
Gift tax annual exclusion	$18,000
Exclusion on gifts to non-citizen spouse	$185,000

Education Credits, Deductions, and Distributions

Credit/Deduction/Account	Maximum credit/deduction/distribution	Income phaseouts begin at AGI of:
American Opportunity Tax Credit/Hope	$2,500 credit	$160,000 joint $80,000 all others
Lifetime learning credit	$2,000 credit	$160,000 joint $80,000 all others
Savings bond interest tax-free if used for education	Deduction limited to amount of qualified expenses	$145,200 joint $96,800 all others
Coverdell	$2,000 maximum; not deductible	$190,000 joint $95,000 all others
529 plan (K-12)	$10,000 distribution	None
529 plan (Higher Ed.) †	Distribution limited to amount of qualified expenses	None

Tax Deadlines

- January 16 – 4th installment of the previous year's estimated taxes due
- April 15 – Tax filing deadline, or request extension to Oct. 15. 1st installment of 2024 taxes due. Last day to file amended return for 2020. Last day to contribute to: Roth or traditional IRA for 2023; HSA for 2023; Keogh or SEP for 2023 (unless tax filing deadline has been extended).
- June 17 – 2nd installment of estimated taxes due
- September 16 – 3rd installment of estimated taxes due
- October 15 – Tax returns due for those who requested an extension. Last day to contribute to SEP or Keogh for 2023 if extension was filed.
- December 31 – Last day to: 1) pay expenses for itemized deductions; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2024; 4) establish and fund a solo 401(k) for 2024; 5) complete 2024 contributions to employer-sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty.

* Greater of $1,300 or $450 plus the individual's earned income.
** Indexed for inflation and scheduled to sunset at the end of 2025.
† $10,000 lifetime 529 distribution can be applied to student loan debt.

Retirement Plan Contribution Limits

Annual compensation used to determine contribution for most plans	$345,000
Defined-contribution plans, basic limit	$69,000
Defined-benefit plans, basic limit	$275,000
401(k), 403(b), 457(b), Roth 401(k) plans elective deferrals	$23,000
Catch-up provision for individuals 50 and over, 401(k), 403(b), 457(b), Roth 401(k) plans	$7,500
SIMPLE plans, elective deferral limit	$16,000
SIMPLE plans, catch-up contribution for individuals 50 and over	$3,500

Individual Retirement Accounts

IRA type	Contribution limit	Catch-up at 50+	Income limits
Traditional nondeductible	$7,000	$1,000	None
Traditional deductible	$7,000	$1,000	If covered by a plan: $123,000 - $143,000 joint $77,000 - $87,000 single, HOH 0 - $10,000 married filing separately If one spouse is covered by a plan: $230,000 - $240,000 joint
Roth	$7,000	$1,000	$230,000 - $240,000 joint $146,000 - $161,000 single & HOH 0 - $10,000 married filing separately
Roth conversion			No income limit

Health Savings Accounts

Annual limit	Maximum deductible contribution	Expense limits (deductibles and co-pays)	Minimum annual deductible
Individuals	$4,150	$8,050	$1,600
Families	$8,300	$16,100	$3,200
Catch-up for 55 and older	$1,000		

Deductibility of Long-Term Care Premiums on Qualified Policies

Attained age before close of tax year	Amount of LTC premiums that qualify as medical expenses in 2024
40 or less	$470
41 to 50	$880
51 to 60	$1,760
61 to 70	$4,710
Over 70	$5,880

Medicare Deductibles

Part B deductible	$240.00
Part A (inpatient services) deductible for first 60 days of hospitalization	$1,632.00
Part A deductible for days 61-90 of hospitalization	$408.00/day
Part A deductible for more than 90 days of hospitalization	$816.00/day

Social Security

Benefits		
Estimated maximum monthly benefit if turning full retirement age (66) in 2024	$3,822	
Retirement earnings exempt amounts	$22,320 under FRA $59,520 during year reach FRA No limit after FRA	
Tax on Social Security benefits: income brackets		
Filing status	**Provisional income***	**Amount of Social Security subject to tax**
Married filing jointly	Under $32,000 $32,000-$44,000 Over $44,000	0 up to 50% up to 85%
Single, head of household, qualifying widow(er), married filing separately and living apart from spouse	Under $25,000 $25,000-$34,000 Over $34,000	0 up to 50% up to 85%
Married filing separately and living with spouse	Over 0	up to 85%
Tax (FICA)		
SS tax paid on income up to $168,600	**% withheld**	**Maximum tax payable**
Employer pays	6.2%	$10,453.20
Employee pays	6.2%	$10,453.20
Self-employed pays	12.4%	$20,906.40
Medicare tax		
Employer pays	1.45%	varies per income
Employee pays	1.45% plus 0.9% on income over $200,000 (single) or $250,000 (joint)	varies per income
Self-employed pays	2.90% plus 0.9% on income over $200,000 (single) or $250,000 (joint)	varies per income

*Provisional income = adjusted gross income (not incl. Social Security) + tax-exempt interest + 50% of Social Security benefit

Medicare Premiums

2022 MAGI single	2022 MAGI joint	Part B Premium	Part D income adjustment
$103,000 or less	$206,000 or less	$174.70	$0
103,001-129,000	206,001-258,000	$244.60	$12.90
129,001-161,000	258,001-322,000	$349.40	$33.30
161,001-193,000	322,001-386,000	$454.20	$53.80
193,001-500,000	386,001-750,000	$559.00	$74.20
Above 500,000	Above 750,000	$594.00	$81.00

Uniform Lifetime Table (partial)

Age of IRA owner or plan participant	Life expectancy (in years)	Age of IRA owner or plan participant	Life expectancy (in years)
73	26.5	89	12.9
74	25.5	90	12.2
75	24.6	91	11.5
76	23.7	92	10.8
77	22.9	93	10.1
78	22.0	94	9.5
79	21.1	95	8.9
80	20.2	96	8.4
81	19.4	97	7.8
82	18.5	98	7.3
83	17.7	99	6.8
84	16.8	100	6.4
85	16.0	101	6.0
86	15.2	102	5.6
87	14.4	103	5.2
88	13.7	104	4.9

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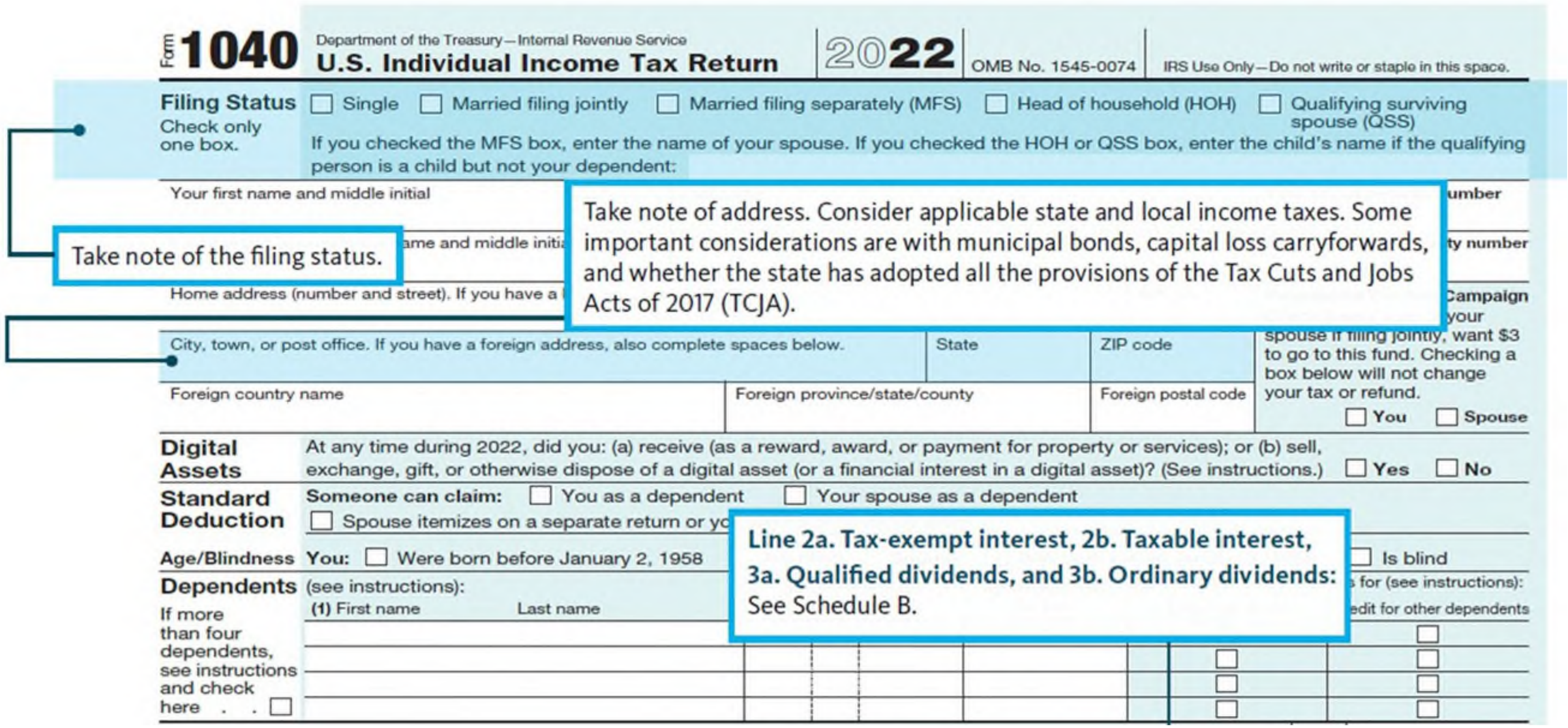
Form 1040 tax return observation service.



Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2022 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status
Check only one box.
☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial

Take note of the filing status.

Take note of address. Consider applicable state and local income taxes. Some important considerations are with municipal bonds, capital loss carryforwards, and whether the state has adopted all the provisions of the Tax Cuts and Jobs Acts of 2017 (TCJA).

Home address (number and street). If you have a

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/county Foreign postal code

spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Digital Assets
At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction
Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or yo

Age/Blindness You: ☐ Were born before January 2, 1958 ☐ Is blind

Dependents (see instructions):
(1) First name Last name

If more than four dependents, see instructions and check here ☐

Line 2a. Tax-exempt interest, 2b. Taxable interest, 3a. Qualified dividends, and 3b. Ordinary dividends: See Schedule B.

Individual income tax return observations (Form 1040)

- Full review to identify areas for potentially improved tax efficiencies.
- Recommend and quantify tax planning ideas that could reduce taxes.

For illustrative purposes only.

Summary

- Think about if, and what kind of IRA activity might be right for you
- Consider whether or not you could take advantage of itemized deductions
- Make the most of the charitable giving you're already doing.
- Pay attention to your tax documents. Could you be doing better?
- Work with your advisor to talk through these situations and more

Questions.

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Please check with your Firm or Firm's Home Office before implementing any suggestions contained herein.

Planning in an Uncertain Tax Environment: Timely and Timeless Estate Planning Concepts

Schneider Smeltz Spieth Bell LLP

Schneider Smeltz Spieth Bell LLP

David M. Lenz

Managing Partner

MEET THE PRESENTER

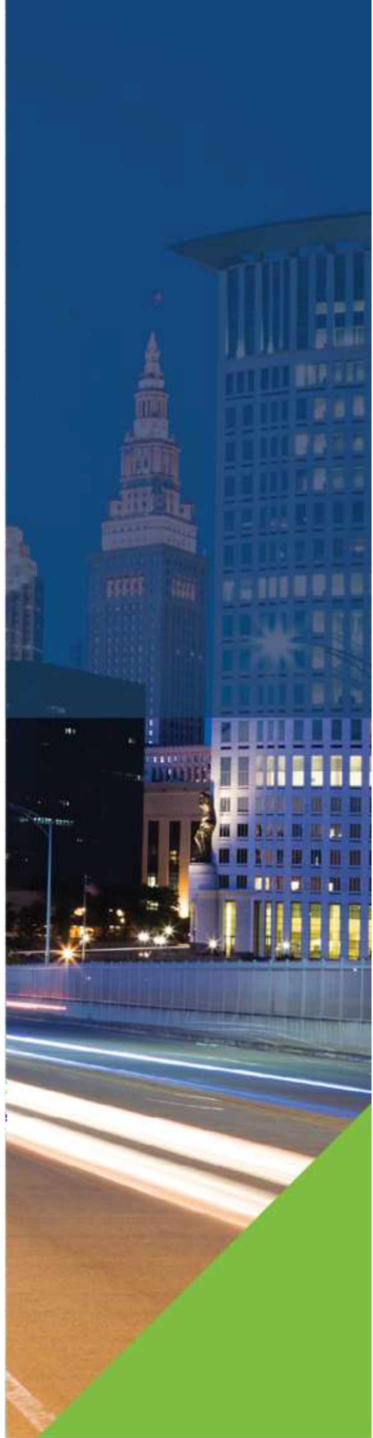
AGENDA

- Current estate and gift tax picture
- Tax changes built into current law
- Proposals from the presidential candidates
- Planning for tax law changes
- Important planning concepts regardless of the tax law

Schneider Smeltz Spieth Bell LLP

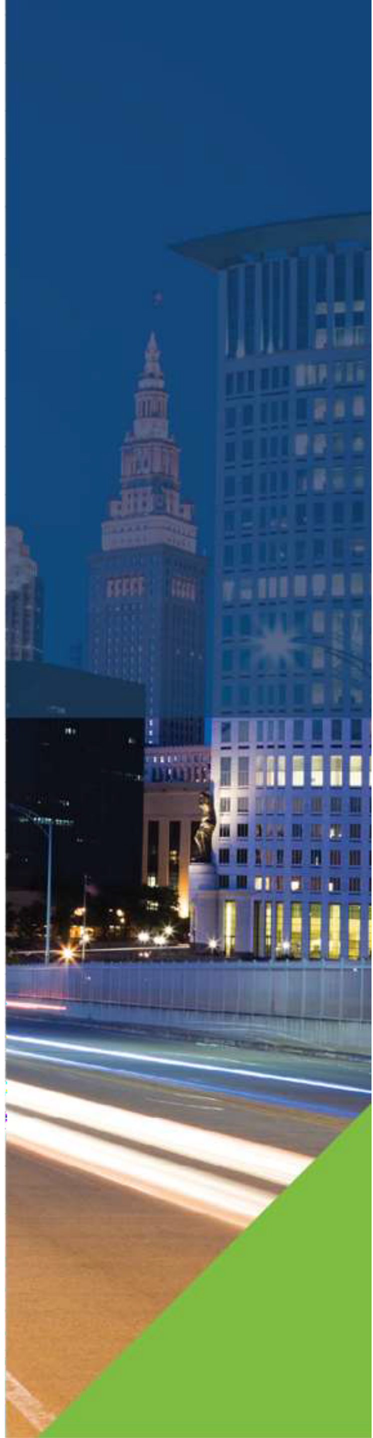
Estate, Gift, and Generation-Skipping Transfer Tax: 2024 Edition

- “Exemption”: Amount of assets you can transfer without needing to pay tax.
- Estate Tax Exemption
  - $13,610,000 per person ($27,220,000 per couple)
  - Adjusted annually for inflation
  - “Portable” between spouses, so surviving spouse can essentially “inherit” deceased spouse’s exemption
- Gift Tax Exemption
  - Same amount as estate tax exemption for “taxable” gifts
  - Exemption inherited from spouse can be used during lifetime or at death
- Generation-Skipping Transfer (“GST”) Tax Exemption
  - Same amount as estate and gift tax
  - You choose the transfers to which you want the exemption to apply
- Tax rate is 40% on amounts above the exemption



Estate, Gift, and Generation-Skipping Transfer Tax: 2024 Edition

- Not all gifts are "taxable"
- "Exclusion" means gifts that do not count toward the exemption
  - Annual exclusion
    - Currently $18,000 per recipient per year for any number of recipients
    - Adjusts up by $1,000 periodically with inflation
    - Married couple with 3 married children and 6 grandchildren could each give away $18,000 to each child, child's spouse, and grandchild to transfer $432,000 each year without using any gift tax exemption
    - Generally does **<u>not</u>** apply to gifts to a trust for a recipient unless the beneficiary has a "present interest" in the trust, such as a 30-day right to withdraw ("Crummey" power)
  - Can front-load 5 years of annual exclusion gifts ($80,000) to a 529 plan
  - Exclusion for direct payment of tuition
  - Exclusion for direct payment of medical expenses



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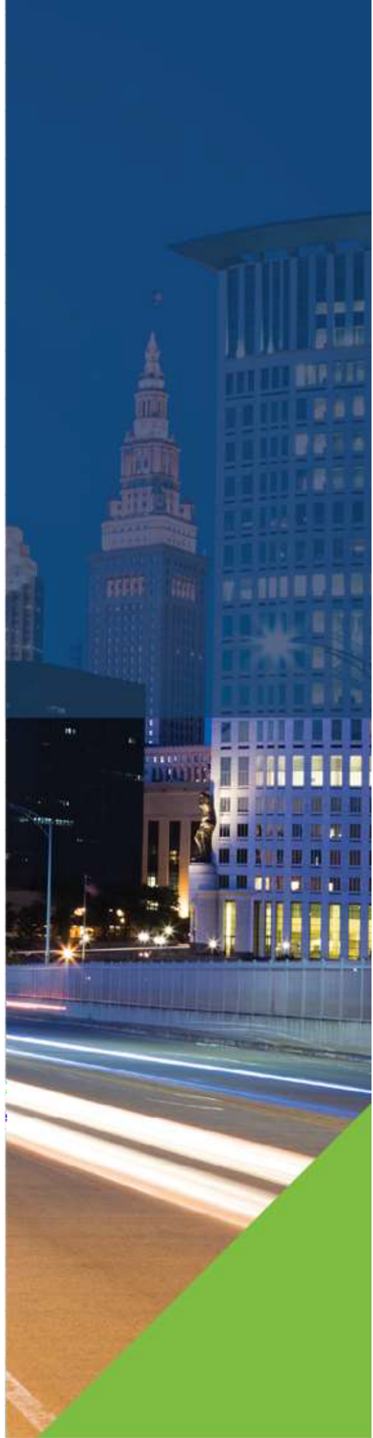
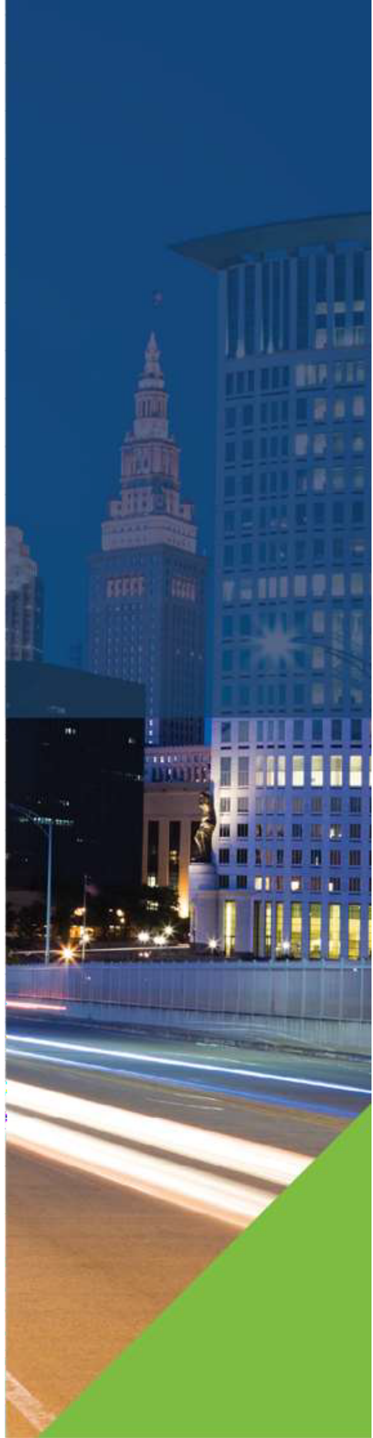
Don’t Let the Sun Go Down on Me

- The 2017 Tax Cuts and Jobs Act made various tax reductions, but they were subject to a 9-year “sunset” to comply with Congressional budget rules, meaning on January 1, 2026 they go away unless Congress acts before then.
- Estate, Gift and GST Tax:
  - Exemption had been set at $5,000,000 in 2010 with an annual inflation adjustment
  - TCJA doubled the exemption from $5,000,000 to $10,000,000 and kept inflation adjustment in place
  - Sunset will cut exemption in half, likely landing around $7,200,000
- Income tax:
  - Top marginal income tax rate returns to 39.6%
  - Standard deduction will be cut in half (back to around $7,500 per person)
  - Limit on State And Local Tax (“SALT”) deduction at $10,000 is repealed



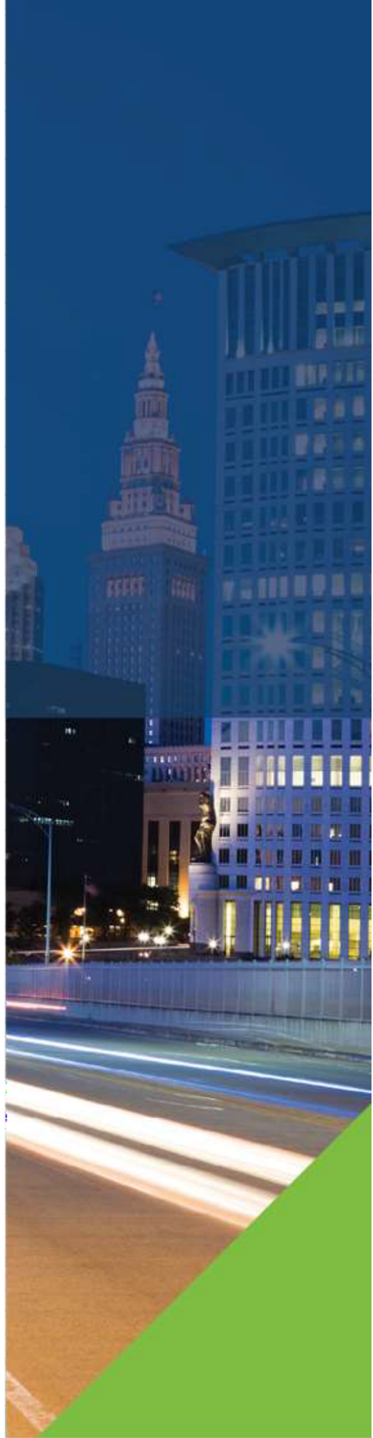
What’s Next? Trump/Vance Transfer Tax Policy Proposals

- Reported to want to extend current provisions beyond the sunset
    - $13,610,000 per person continuing to grow with inflation
    - 40% estate tax rate on amounts above the exemption
    - Annual exclusion gifts of $18,000 per year to unlimited number of recipients
    - GST exempt trusts of unlimited duration
    - “Grantor trusts” not included in taxable estate
    - Valuation discounts for lack of control and lack of marketability



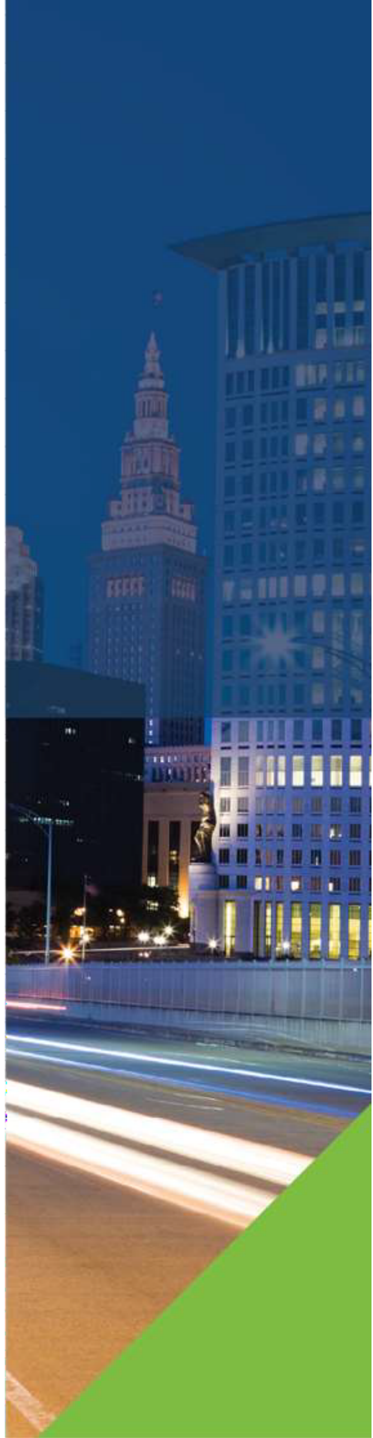
What's Next? Harris/Walz Transfer Tax Policy Proposals

- Reported to have embraced the American Housing and Economic Mobility Act, which included:
  - Reduce exemption to 2009 level of $3,500,000 per person ($7,000,000 per couple)
  - 55% rate up to $13,000,000; 60% on the next $80,000,000, then 65% above $93,000,000, with a 10% surtax at $1,000,000,000.
  - Limit annual exclusion to $10,000 (down from $18,000) and only 2 recipients
  - Impose a time limit on GST exemption
  - Include "grantor trusts" in taxable estate
  - Eliminate valuation discounts
- Also considering possible reduction in "step-up in basis" at death



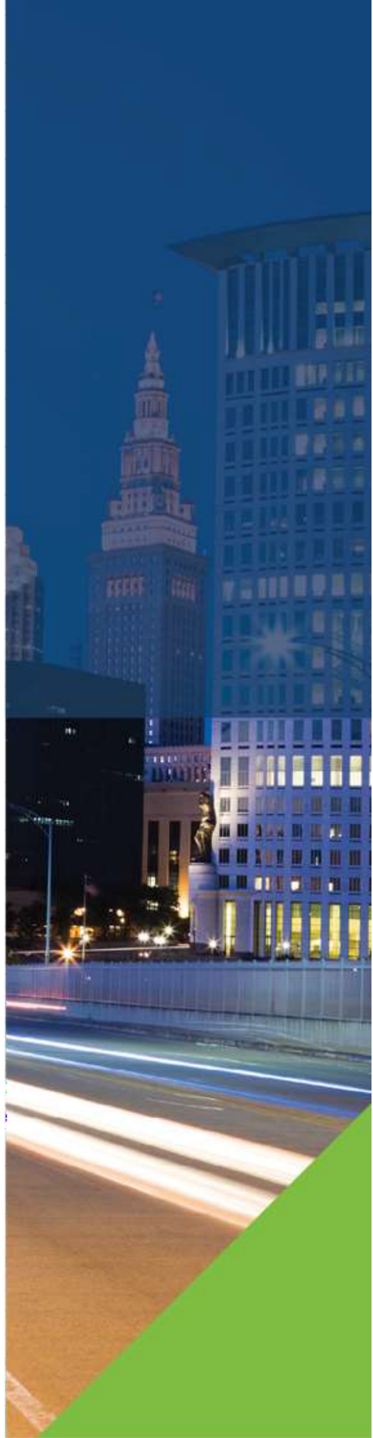
Tax Planning in Uncertainty

- From a transfer tax perspective, gifts are better than transfers at death, because appreciation on assets after the gift is outside the taxable estate
- Problem with gifts: You don't have the money any more!
- Popular technique: Spousal Lifetime Access Trust ("SLAT")
  - Lifetime gift to trust for spouse and children, and spouse can serve as Trustee managing the assets
  - Pros:
    - Assets are outside donor's and spouse's estates
    - Distributions can be made to spouse as safety valve if couple needs the money again
  - Cons:
    - Assets unavailable to donor (only for children) if spouse dies prematurely
    - Unintended effects on divorce



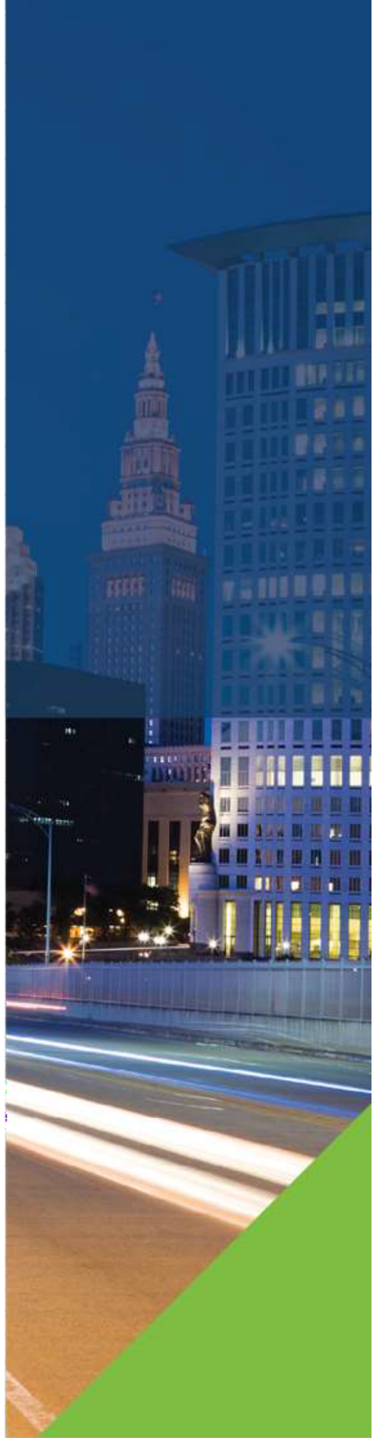
Tax Planning in Uncertainty

- Gifts to Leverage Exemption:
  - For those who can afford to do so, large gifts before 1/1/2026 can "lock in" current high exemptions
  - IRS has made clear that if you give $13,000,000 during lifetime when the exemption is high and it is $7,500,000 at your death, they will not go after tax on the $5,500,000 difference
  - If you make a smaller gift of $3,000,000 now, and the exemption is lowered to $7,200,000 in 2026, you will only have $4,200,000 available. Still, that $3,000,000 and appreciation on it, will be outside your taxable estate
- Charitable Gifts:
  - Any dollars left to charity create an estate tax deduction
  - If you would otherwise pay estate tax, each $1.00 to charity reduces your tax bill by $0.40 but also reduces share for other beneficiaries by $0.60



Taxes are Only One Thing That Can Go Wrong

- Even if estate and gift taxes do not matter to you, you still can benefit from thoughtful planning, possibly including trusts for your spouse or children
- Trust for Spouse: May be appropriate if you want to benefit your spouse after your death, but want to ensure any remaining assets pass to “your” beneficiaries
  - Children from a prior marriage
  - Someone other than the person your surviving spouse remarries



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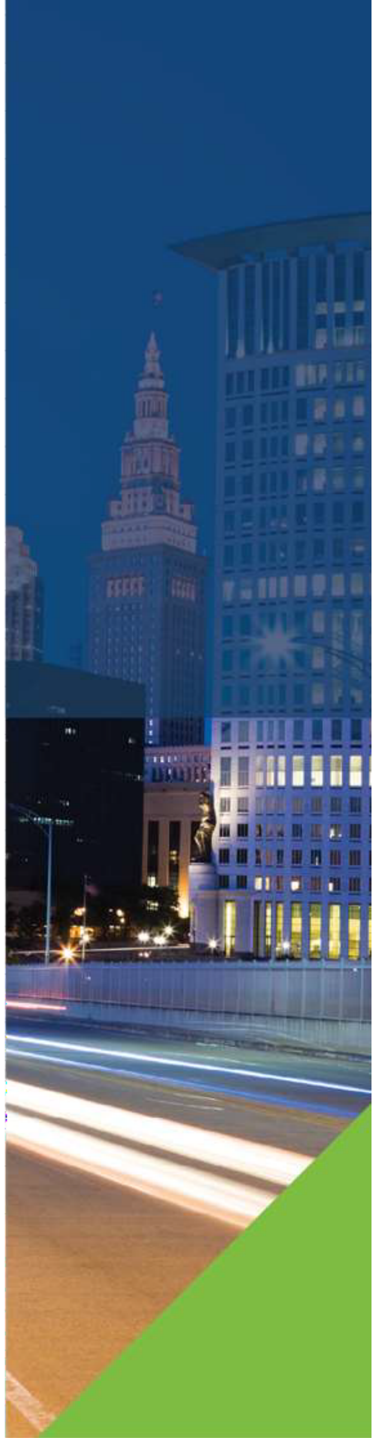
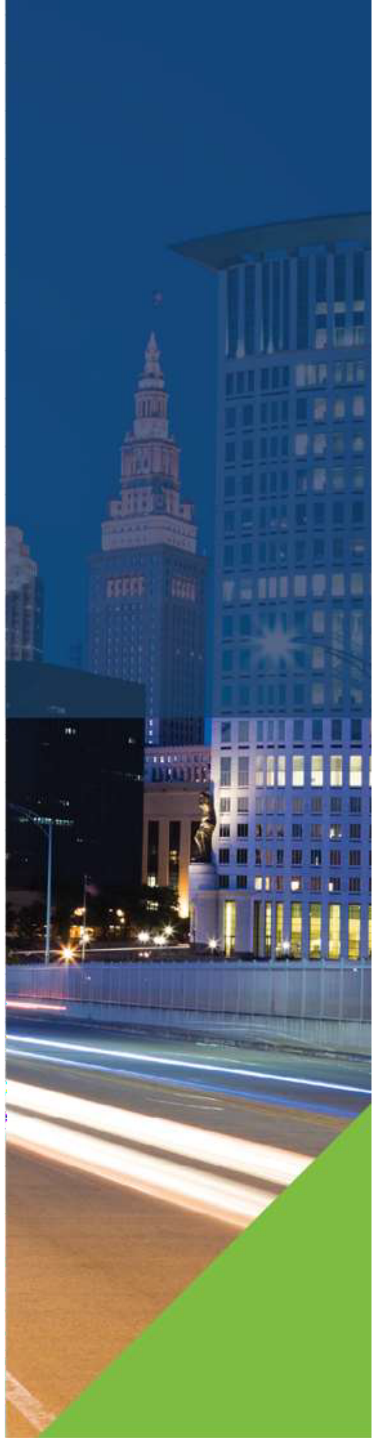
Taxes are Only One Thing That Can Go Wrong

- Trusts for Children:
  - If children are minors, outright gifts create a probate court guardianship until age 18, and an outright gift thereafter
  - Trusts allow you to choose later ages for distributions
  - While property remains inside a trust wrapper, it is better protected from
    - Poor financial decisions
    - Sudden unexpected liabilities (e.g., car accident)
    - Divorce
  - Children can even serve as Trustee of their own Trust without losing the creditor protection



Timeless Attributes of Proper Planning

- Probate Avoidance
  - Can be accomplished with a revocable trust or beneficiary designations
  - Designations trump estate plan documents, so double-check they are accurate
- Lifetime Disability Decision-Makers
  - Health Care Power of Attorney – Name an agent to make medical decisions if you can't
  - Financial Power of Attorney – Name an agent with legal authority to manage your assets during your lifetime if you cannot



Thank you for your time and the opportunity to help!
Any Questions?

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