



# Market Update

Presented by:



Parkhurst Financial Services  
Investment Strategies



# Agenda

Presented by Parkhurst Financial Services

- Justin Wang – Capital Group
- Hank Kulik – SEI
- David Lenz – Schneider Bell
- Q&A



# Persistence, patience and partnership:

## The story of an extraordinary investor

Investments are not FDIC-insured, nor are they deposits of or  
guaranteed by a bank or any other entity, so they may lose value.

Lit. No. MFF2PO-004-0226 10329-s106197

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A man in a military uniform, including a peaked cap and a double-breasted jacket, stands on a city sidewalk. He is looking off to the side. The background features a street with brick buildings, parked cars, and a clear blue sky with some clouds. The scene is brightly lit, suggesting a sunny day.

# An American investing success story

AI-enhanced image. Not an actual photo.

# Agenda

Perspective: Persisting through the headlines

Confidence: Reasons for patience

Opportunity: Partnering for the long term



# Perspective

# What's keeping you up at night?

Midterm elections

Health care

Jobs

Geopolitics

Tariffs

Market decline

Bills

AI takeover

War

Inflation

# There have always been “reasons not to invest”

Cumulative total return for the S&P 500 Index (log scale)



# The world hasn't changed, media has

As our consumption of media increased, so has our anxiety around world events



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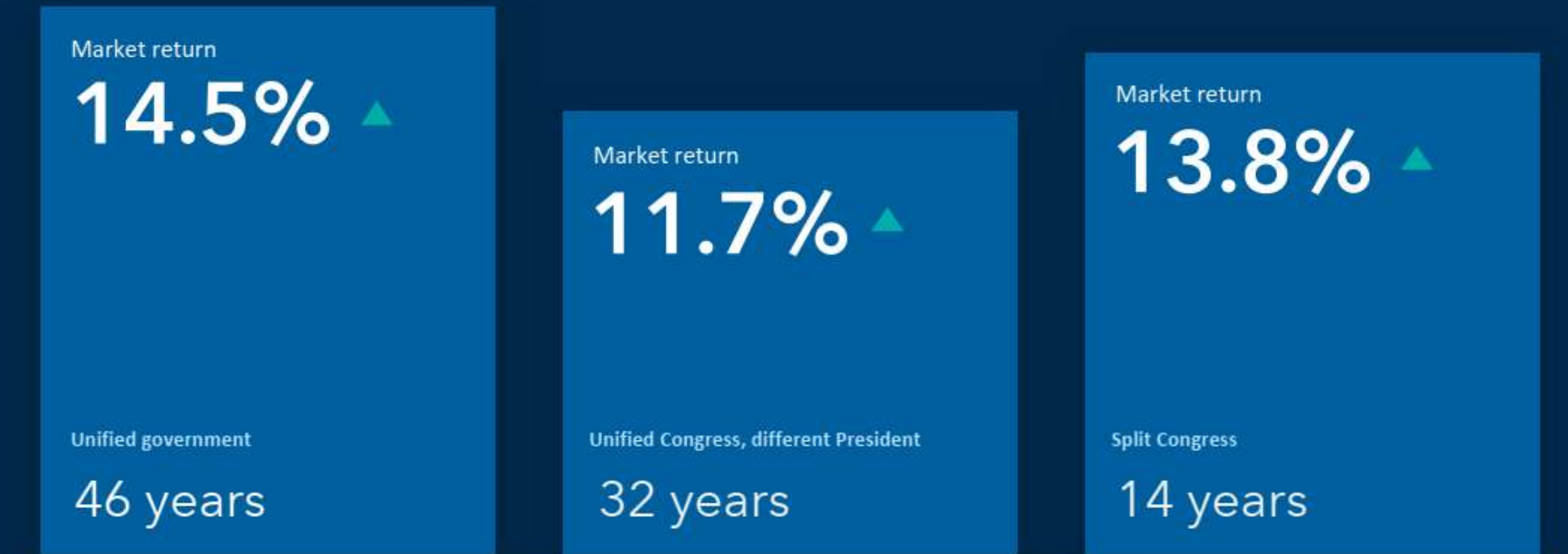




# Confidence

# Stocks have done well regardless of the makeup of Washington

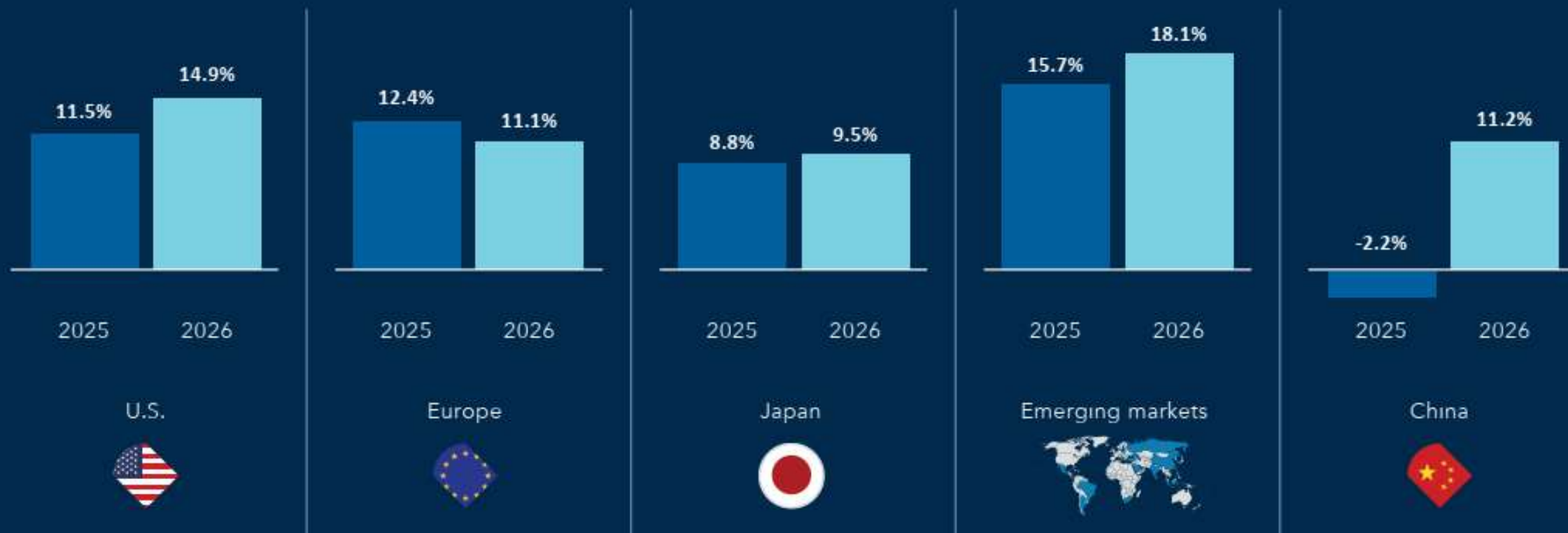
Market returns since 1933



Source of Market return: S&P 500 Index. Source of elections data: Office of the Clerk - U.S. House of Representatives, Senate.gov, Standard & Poor's. "Unified government" indicates White House, House and Senate are controlled by the same political party. "Unified Congress, different President" indicates House and Senate are controlled by the same party, but the White House is controlled by a different party. "Split Congress" indicates House and Senate are controlled by different parties, regardless of the White House control. Data excludes 2001 due to Senator Jeffords switching parties midyear. As of December 31, 2025. Past results are not predictive of results in future periods.

# Companies across the globe are doing well

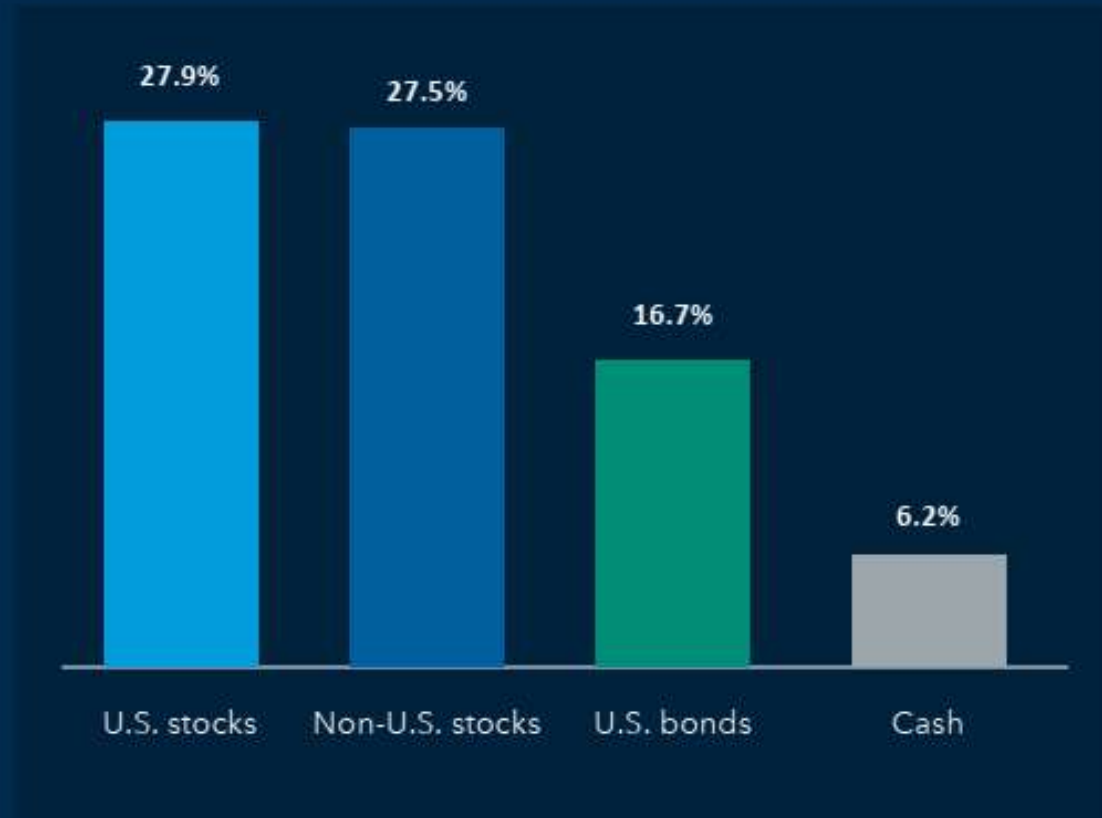
Estimated annual earnings growth across select global benchmarks



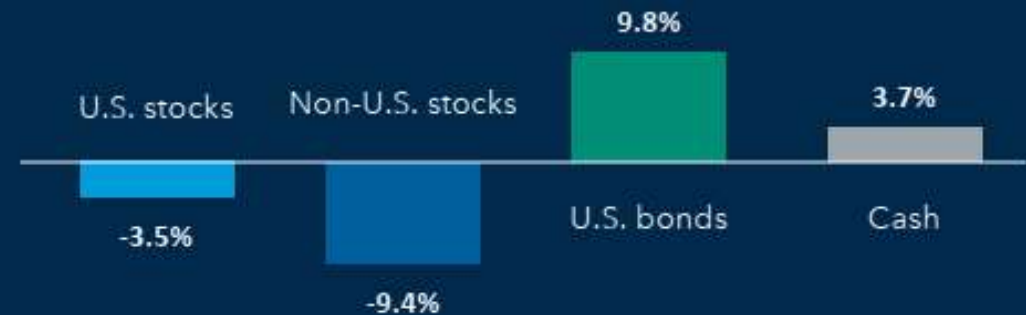
Sources: Capital Group, FactSet, MSCI, Standard & Poor's. Estimated annual earnings growth is represented by the mean consensus earnings per share estimates for the years ending December 2025, 2026 and 2027, respectively, across the MSCI World Index (World), the S&P 500 Index (U.S.), the MSCI Europe Index (Europe), the MSCI EM Index (Emerging markets) and MSCI China Index (China). Estimates are as of October 27, 2025.

# Federal Reserve interest rate cuts can be good for stocks and bonds

Rate reductions outside of recessions



Rate reductions during recessions



Sources: Capital Group, Bloomberg, Morningstar, Standard & Poor's. Returns reflect annualized total returns from the peak federal funds rate target to the lowest federal funds rate target for each cycle. Specific non-recessionary cutting cycles include August 1984 to August 1986, February 1995 to January 1996, and March 1997 to November 1998. Recessionary cutting cycles include May 1989 to September 1992, May 2000 to June 2003, June 2006 to December 2008, and December 2018 to March 2020. Benchmarks used are the S&P 500 Index (U.S. stocks), MSCI World ex USA Index (non-U.S. stocks), Bloomberg U.S. Aggregate Index (U.S. bonds) and 3-month U.S. Treasury Bills (cash). As of December 31, 2025. Past results are not predictive of results in future periods.

# Economic growth throughout the country

Massive projects in major industries continue to drive growth

-  Industrials
-  Health care
-  Technology



# Drug development in Dairyland

Pharmaceuticals manufacturing comes home

**Eli Lilly and Company**

Pleasant Prairie, WI

**Spend: \$3 billion**

**Jobs: 750**

All figures estimates as of 12/31/25



Source: Capital Group



# Forging ahead on the Bayou

Steel production moves beyond the Rust Belt

**Hyundai Motor Group**

Louisiana

**Spend: \$5.8 billion**

**Jobs: 1,300**

All figures estimates as of 12/31/25.



Source: Capital Group



# Chips of a different sort from Idaho

Semiconductor manufacturing in the Mountain West

**Micron**

Boise, ID

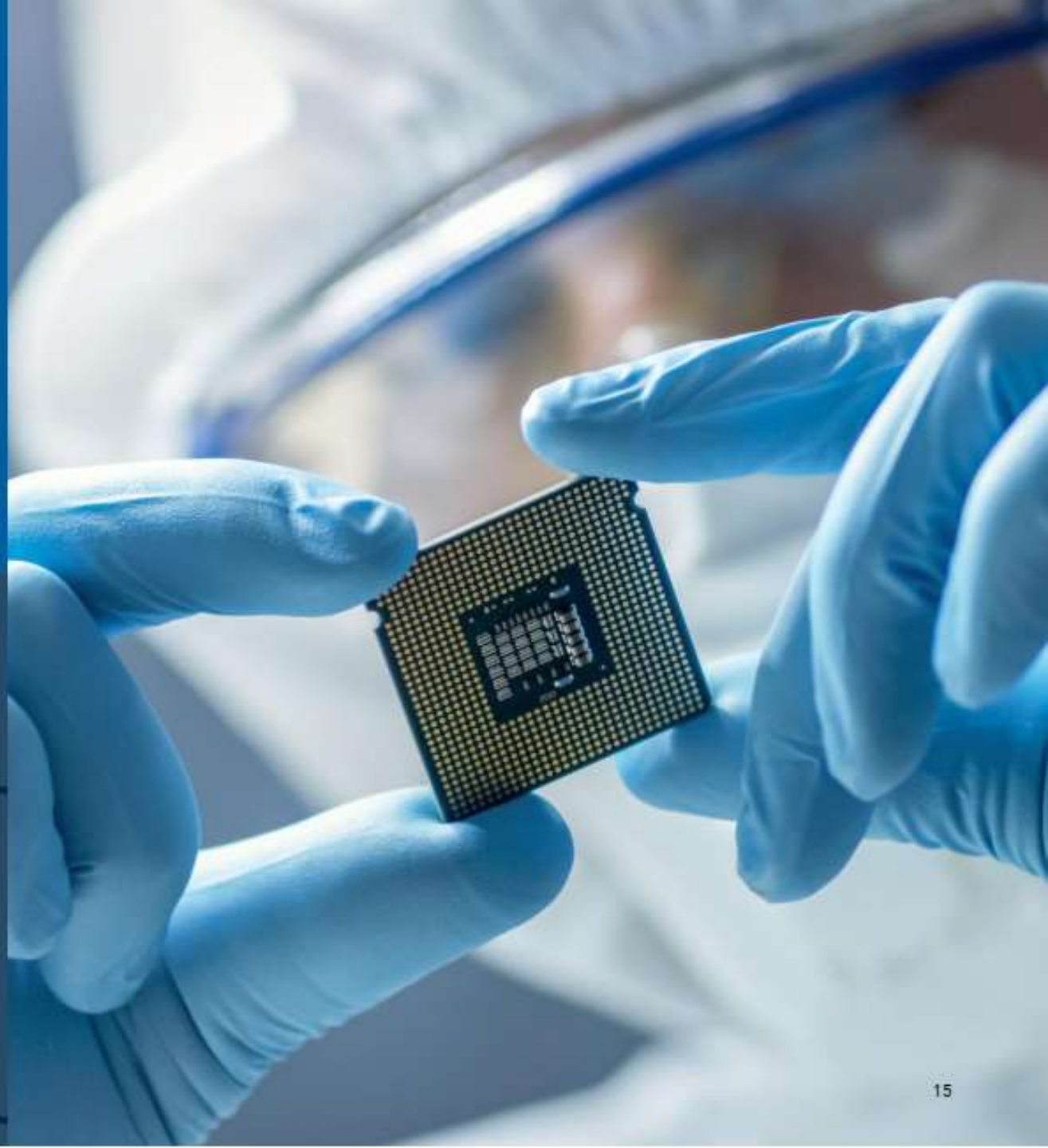
**Spend: \$55 billion**

**Jobs: 6,500**

All figures estimates as of 12/31/25.



Source: Capital Group



# This isn't the first tech revolution (there is "precedent")



**1930s-1940s**  
**Radio & television**  
RCA  
Westinghouse  
CBS



**1990s**  
**The internet**  
AOL  
Netscape  
Yahoo  
AT&T



**2020s**  
**Artificial intelligence**  
Amazon  
Alphabet  
Nvidia



**1980s**  
**Personal computer**  
IBM  
Microsoft  
Apple



**2000-2010s**  
**Smartphones and the cloud**  
Apple  
Google  
Meta

# AI investing opportunity, phase-by-phase

Phase one

**Infrastructure  
mania**

Phase two

**Monetizers**

Phase three

**Into the "Real"  
economy**

# AI investing opportunity, phase-by-phase

## Phase one

### Infrastructure mania

**Chips, equipment, foundries, cloud**

Nvidia  
AMD  
ASML  
TSMC  
Microsoft  
Amazon  
Google

## Phase two

### Monetizers

**Platform companies**

OpenAI (ChatGPT)  
Microsoft (Copilot)  
Meta (Llama)  
Google (Gemini)  
Apple (ecosystem)

## Phase three

### Into the "Real" economy

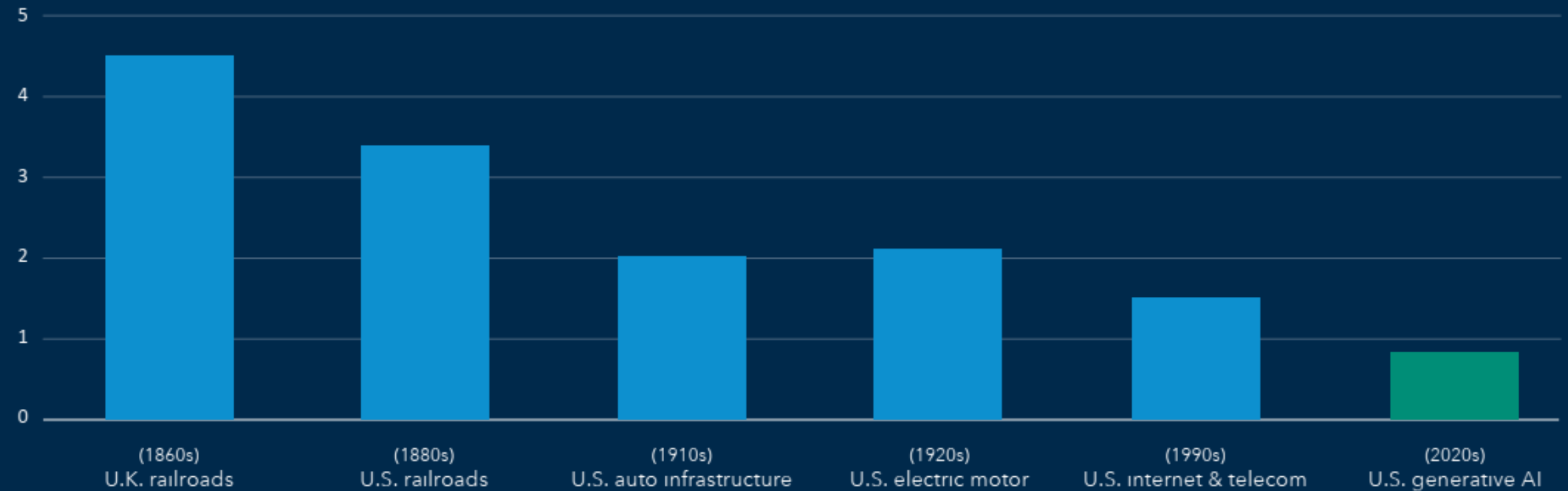
**CRM, games, health care, financial**

Salesforce  
Roblox  
Eli Lilly  
United Healthcare  
JPMorgan Chase  
Mastercard  
Capital One

# AI investment compared to past inventions

Large investment cycles have preceded prior technology booms

Spend as % of GDP



# Opportunity

AI-enhanced image. Not an actual photo.

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## Tennis champion

Won only 54% of points

but 80% of matches

Focusing on the bigger picture enables you to withstand short-term setbacks.



# An investing "Stress Test"

Figures shown are past results for Class F-2 shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit [capitalgroup.com](https://capitalgroup.com).

## American Balanced Fund®

Growth of a hypothetical \$500,000 investment from 2000 through 2025.

Returns are for Class F-2 shares



Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Please see [capitalgroup.com](https://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale. The stock market is represented by the S&P 500 Index, a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. There have been periods when the fund has lagged the index. Investors cannot invest directly in an index.

Source: Capital Group as of December 31, 2025. Assumes a hypothetical \$500,000 investment from January 1, 2000 to December 31, 2025. It assumes a 4% annual withdrawal of the initial investment amount is taken and increased 3% per year as an inflation adjustment. All dividends and capital gains are reinvested.

## American Balanced Fund®

Outpaced benchmark\* in only 56%

of rolling 1-year periods

But topped the benchmark in 86%

of rolling 20-year periods

Small increments can mean big gains over time with the power of dividends.

There have been periods when the fund has lagged the index. Success rates for rolling monthly one- and 20-year periods (F-2 shares). Past results are not predictive of results in future periods.

\*Benchmark is represented by the 60%/40% S&P 500 Index/Bloomberg U.S. Aggregate Index.

# Capital Group: A global reach

## Fundamental research drives a deep understanding of companies

**\$3.3T**

Assets under management

Founded in 1931

Privately held

**488**

Investment professionals

**28**

Years of industry experience on average for portfolio managers

**9**

Research offices around the world<sup>1</sup>

Deeper insights through collaborative research

The Capital System™

A long-term view aligned with client goals

High-conviction portfolios built with diverse perspectives

**42**

Languages spoken

**49**

Countries visited

**14**

Years of industry experience on average for analysts

**95%**

of American Funds assets are invested in funds in which at least one manager has invested more than \$1 million.<sup>2</sup>

All data as of 12/31/2025, unless otherwise noted.

<sup>1</sup> Mumbai office is used as a macro-research office only.

<sup>2</sup> Capital Group, based on Morningstar data as of 2/15/2026.

# Our American investor

*Philanthropist*

---

*Investor*

---

*U.S. Army veteran*

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*Gas station attendant for 25 years*

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*Janitor for 17 years*

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**\$4.8 million**

Donated to a local medical center

**\$1.2 million**

Donated to a local library



# The power of advice

What are your next steps?

Persist through the headlines

Seek reasons to be patient

Partner with your advisor for the long term



# Investment results

Figures shown are past results for Class F-2 shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit [capitalgroup.com](https://capitalgroup.com).

Results for period ended December 31, 2025 (%)

|                                                      | Inception date | 1 year | Average annual total return |          |          | Expense ratio (gross) |
|------------------------------------------------------|----------------|--------|-----------------------------|----------|----------|-----------------------|
|                                                      |                |        | 5 years                     | 10 years | Lifetime |                       |
| American Balanced Fund                               | 7/6/75         | 18.69  | 9.80                        | 10.02    | 10.74    | 0.35                  |
| 60%/40% S&P 500 Index/Bloomberg U.S. Aggregate Index | –              | 13.70  | 8.47                        | 9.78     | 10.00    | –                     |
| Bloomberg U.S. Aggregate Index                       | –              | 7.30   | -0.36                       | 2.01     | –        | –                     |
| S&P 500 Index                                        | –              | 17.88  | 14.42                       | 14.82    | 10.66    | –                     |

Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower. Please see [capitalgroup.com](https://capitalgroup.com) for more information. Expense ratios are as of the most recent prospectus at time of publication.

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Gross domestic product (GDP) is the market value of the goods and services produced by labor and property located in the United States for one year.

The return of principal for bond portfolios and for portfolios with significant underlying bond holdings is not guaranteed. Investments are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the indexes and/or averages.

Portfolios are managed, so holdings will change. Certain fixed income and/or cash and equivalents holdings may be held through mutual funds managed by the investment adviser or its affiliates that are not offered to the public.

Bloomberg U.S. Aggregate Index represents the U.S. investment-grade, fixed-rate bond market. Bloomberg U.S. Treasury Bill 1-3 Months Index tracks the market for Treasury bills with 1 to 3 months to maturity issued by the U.S. government.

60%/40% S&P 500 Index/Bloomberg U.S. Aggregate Index blends 500 widely held common stocks with investment-grade fixed-rate bonds by weighting their cumulative total returns at 60% and 40%, respectively. This assumes the blend is rebalanced monthly.

S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. The S&P 500 Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. Copyright © 2026 S&P Dow Jones Indices LLC, a division of S&P Global, and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part is prohibited without written permission of S&P Dow Jones Indices LLC.

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MSCI China Index captures large- and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). MSCI Emerging Markets Index captures large- and mid-cap representation across 27 emerging markets (EM) countries. MSCI Europe Index is designed to measure developed equity market results across 15 developed countries in Europe. MSCI Japan Index is a free float-adjusted market capitalization-weighted index designed to measure the equity market results of Japan. MSCI USA Index is a free float-adjusted, market capitalization-weighted index designed to measure the performance of the large- and mid-cap segments of the U.S. market. MSCI World ex USA Index is designed to measure equity market results of developed markets. The index consists of more than 20 developed market country indexes, excluding the United States.

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# Thank you



**Simplifying the complex  
to elevate your advice.**



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# Tax Planning for 2026.

SEI Investments



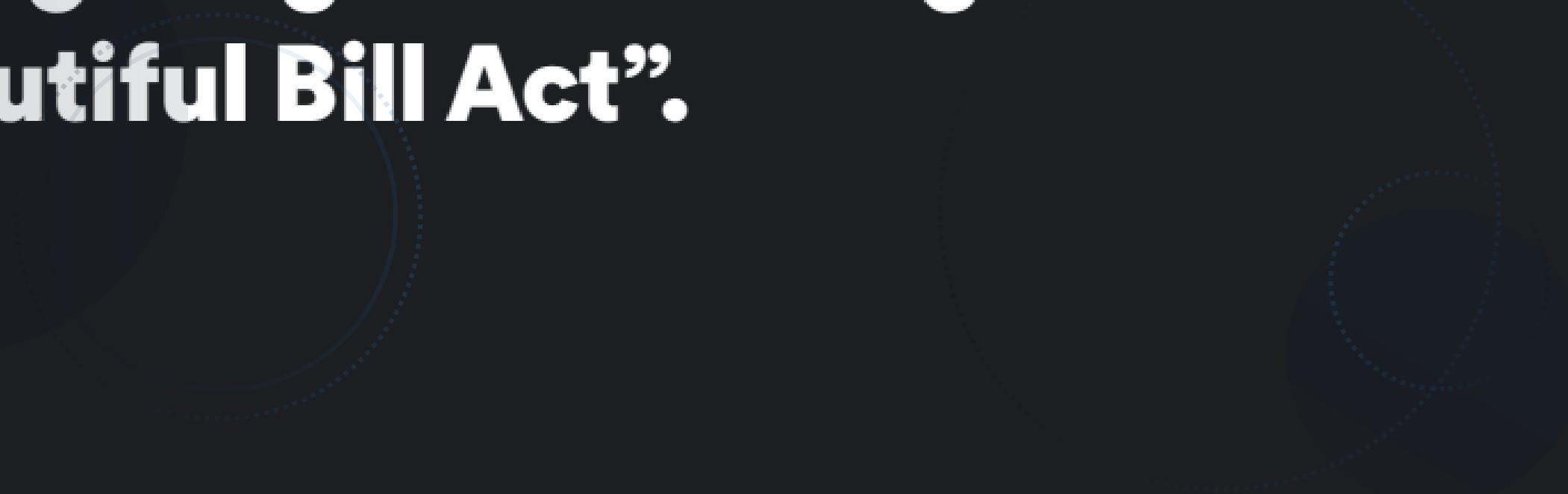
**“The hardest thing to understand in the world is the income tax.”**

-Albert Einstein

# Agenda.

1. **“OBBBA” Impacts**
2. **Deduction & Charitable Planning**
3. **Gifting & Inheritance Strategies**

# **Navigating the “One Big Beautiful Bill Act”.**

The background features several large, faint, dotted circles of varying sizes, some of which are partially cut off by the edges of the frame. These circles are light blue or grey, creating a subtle geometric pattern.

# Major provisions impacting planning.

## Tax Brackets & Standard Deductions

- Slightly reduced taxes as more income subject to lower brackets
- Itemizing becomes slightly more difficult
- Bunching strategies can help "hurdle" standard deduction

## Charitable Giving

- Deductions available, even if only moderately charitable
- Bunching charitable donations could be considered to get above AGI floor
- QCD's for those qualified remain strong planning tool.

## SALT Cap

- Will introduce some new taxpayers to itemized deductions, particularly in high tax states.
- High earners will phase out quickly
- Likely to be a point of contention beyond 2029

## New Senior Deduction

- Married couple both over 65, under \$150,000 MAGI: \$47,500 in available deductions without itemizing
- May impact Roth Conversion decisions

# Roth conversions

Additional considerations: How additional income can impact tax bill

Example Taxpayer (MFJ)

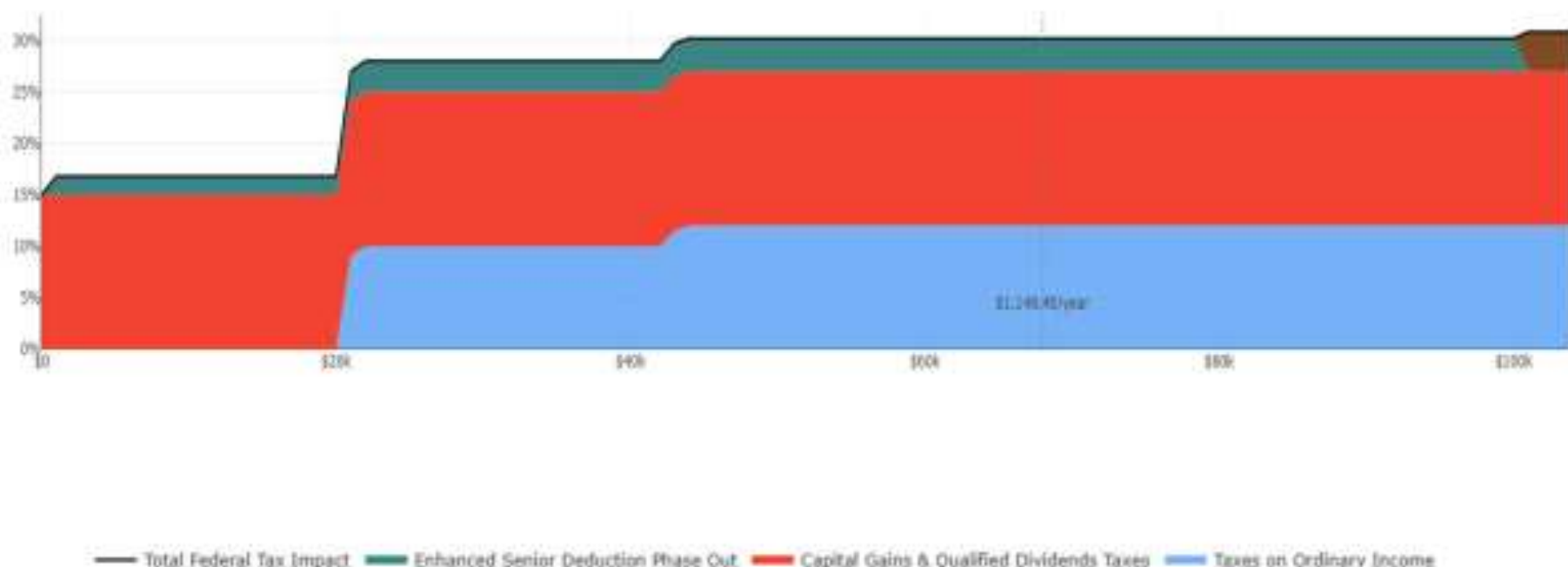
Taxable Int.: \$25k  
Qual Divs\*: \$100k  
LT Cap Gains\*: \$25k  
Total Inc/AGI: \$150K

-Std. Ded: \$35,500  
-Senior Ded: \$12,000

Taxable Inc.: \$102,500

*\*Taxed at capital gain tax rates*

Tax impact of the next \$1,000.00 in ordinary income  
(Dotted lines = Medicare Part B/D annual increases per person)



# Trump Accounts: a new savings vehicle for children.

| What they are                                                                                                                                                                                                                    | \$1,000 head start                                                                                                                                                                                                                         | Funding & limits                                                                                                                                                                                                     | At age 18                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Government-backed savings accounts to help children build long-term wealth</li><li>• Open to any child under 18 with a Social Security number</li><li>• Launching July 4, 2026</li></ul> | <ul style="list-style-type: none"><li>• Children born 2025–2028 receive a \$1,000 government contribution</li><li>• No earned income required to open or contribute</li><li>• Early start allows a longer runway for compounding</li></ul> | <ul style="list-style-type: none"><li>• Family, employers, and charities can all contribute</li><li>• Contributions capped at \$5,000 per year</li><li>• Employer contributions capped at \$2,500 per year</li></ul> | <ul style="list-style-type: none"><li>• Beneficiary gains full control of the account</li><li>• Converts to a Traditional IRA and follows its rules</li></ul> |

# **Itemized Deductions and Charitable Giving.**

## Itemized Deductions.

- Medical and Dental Expenses
- State and Local Taxes (“SALT”)
- Interest Expenses – Home mortgage and investment interest
- Gifts to Charity
- Casualty and Theft Losses

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

## 2026 Itemized Deduction Planning – An example

Couple A – Married, in their early 60's

|                               |                 |
|-------------------------------|-----------------|
| Medical Expense               | \$0             |
| State & Local Tax             | \$10,000        |
| Mortgage Interest             | \$10,000        |
| <u>Gifts to Charitable</u>    | <u>\$10,000</u> |
| <br>Total Itemized Deductions | <br>\$30,000    |
| <br>Standard Deduction        | <br>\$32,200    |

*Taxpayers will take the  
Standard Deduction*

Couple B – Married, in their early 60's –  
“Bunch” their charitable deductions

|                               |                 |
|-------------------------------|-----------------|
| Medical Expense               | \$0             |
| State & Local Tax             | \$10,000        |
| Mortgage Interest             | \$10,000        |
| <u>Gifts to Charitable</u>    | <u>\$30,000</u> |
| <br>Total Itemized Deductions | <br>\$50,000    |
| <br>Standard Deduction        | <br>\$32,200    |

*Taxpayers will use  
Itemized Deductions*

**SEI Giving Fund**  
**How it works.**

The donor contributes assets to a DAF and can recommend a specific charity for the fund to benefit. 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).



|                   |                              |                                                 |
|-------------------|------------------------------|-------------------------------------------------|
| <b>Logistics.</b> | <b>Donor eligibility</b>     | <b>Minimums</b>                                 |
|                   | • Individuals • Estates      | Initial contribution minimum: <b>\$5,000</b>    |
|                   | • Companies • Other entities | Additional contribution minimum: <b>\$1,000</b> |
|                   | • Trusts                     | Minimum grant amount: <b>\$250</b>              |



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. Contributions are irrevocable. Once the Foundation accepts a contribution, the gift may not be refunded. All accepted gifts become the exclusive legal property of the Foundation.

## Planning idea: Donating appreciated securities.



### Checkbook giving

\$10,000 a year

Unlikely tax deduction

Tax benefit = \$0



### DAF with cash

\$30,000 to DAF

DAF makes annual \$10,000 grants

Likely tax deduction

Extra 17.5k deduction @ 37% = \$6,475



### DAF with appreciated securities

\$30,000 FMV to DAF / \$10,000 cost basis

DAF makes annual \$10,000 grants

Likely tax deduction and bypass capital gains tax

\$17.5k deduction @ 37% = \$6,475

\$20k cap gain bypass @ 23.8% = \$4,760

Tax benefit = \$11,235

# **Qualified Charitable Distribution (QCD).**

# Qualified Charitable Distribution (QCD)

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

The maximum distribution for 2026 is **\$111,000**.

**QCD can count towards RMD - results in a reduction to AGI.**

- 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

**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

**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.**

# **Gifts vs. Inheriting Assets.**

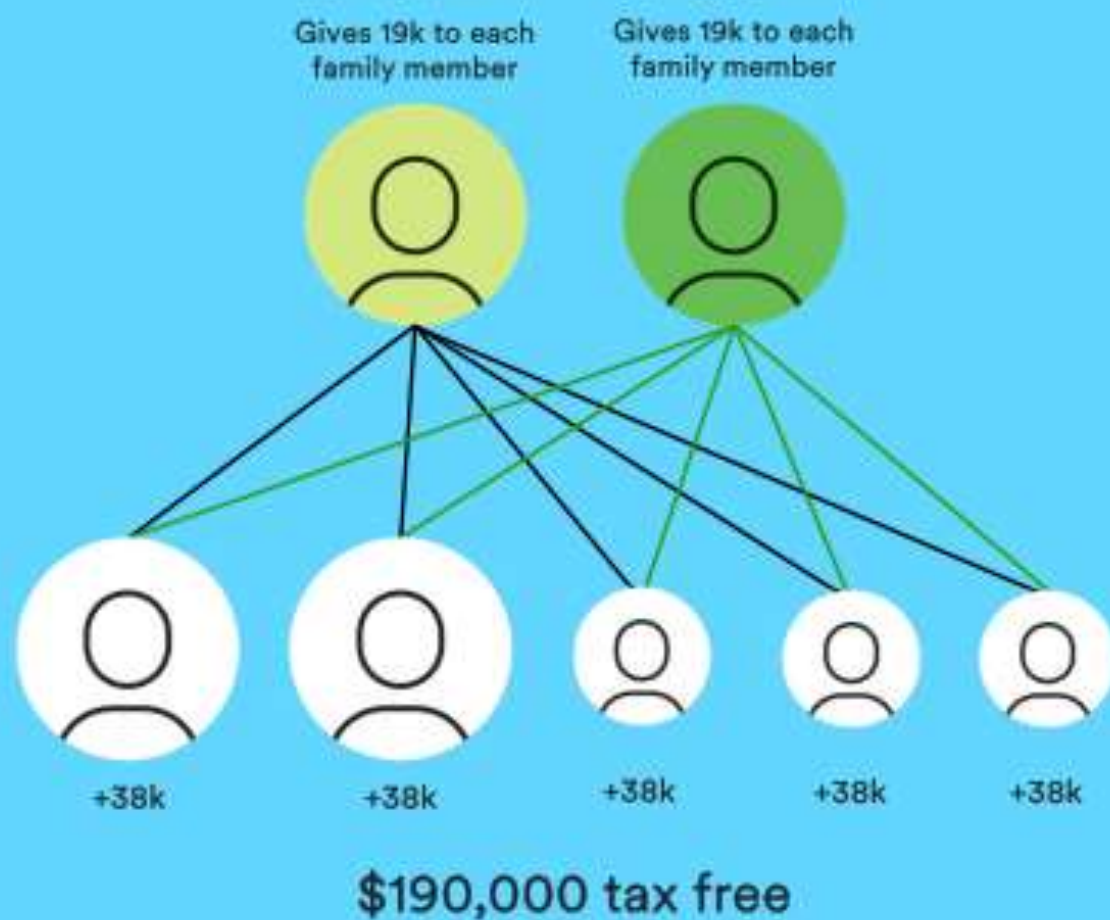
# Traditional gifting.

2026 annual exclusion = \$19,000

- Per person to per person gift
- For example, a married couple could gift up to \$190,000 to a family of five
  - \$19,000 from each spouse (\$38,000) to each family member (5) = \$190,000
- No taxes or gift return

Gifted assets retain "carryover" basis

Inherited assets receive "step-up" in basis



## **How can SEI help?**

1. SEI Giving Fund (DAF)
2. Robust Trust Solution (CRT's and others)
3. Tax Observations and Case Analysis

# Questions?

# Important information

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Consider the disadvantages of a Charitable Remainder Trust (CRT):

Contributions to the CRT cannot be returned to the grantor; it's irrevocable. Terms of the trade are unchangeable (though assets and charitable beneficiaries may change, depending on how the CRT was established). Assets that pass to charity do not pass to heirs. Charitable trusts are subject to specific IRS rules. Tax deductions generated by a CRT of appreciated assets that can be taken by any given taxpayer in any one tax year is equal to 30% of the taxpayers AGI. Deduction amounts greater than that can carry over to the next five tax years.

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

# Important information

Renaissance Charitable Foundation Inc. is registered to solicit contributions in every state where such registration is required including the District of Columbia. The following disclosure notices are required by state laws.

**FLORIDA:** A copy of the official registration and financial information may be obtained from the Florida division of consumer services by calling toll-free (1-800-435-7352) within the state or via the internet at [www.800helpfla.com](http://www.800helpfla.com). Registration does not imply endorsement, approval, or recommendation by the state of Florida. Our Florida registration number is ch13085.

**MARYLAND:** A copy of the current financial statement of Renaissance Charitable Foundation Inc. is available by writing 8910 Purdue Road, Suite 555, Indianapolis, IN 46268 or by calling (866) 803-0389. Documents and information submitted under the Maryland Solicitations Act are also available, for the cost of postage and copies, from the Maryland Secretary of State, State House, Annapolis MD 21401, (410) 974-5634.

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- "Current" represents the Current portfolio.
- "Model Overlap" (Model-specific transition) highlights the transition activity and higher tax costs that a client would incur from transitioning the existing portfolio to the target portfolio with no tax-management oversight applied.
- "Balanced Approach" highlights a balanced tax-managed approach to transitioning a portfolio that takes into consideration both the client's desire to fully invest in the target portfolio, and to avoid paying taxes.
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# Estate Planning Update: Shifting from Tax Protection to Asset Protection



David M. Lenz  
Managing Partner



# Agenda

- Overview of estate tax environment
- Estate Planning for Asset Protection
  - Trusts for general asset protection
  - Inherited assets in divorce
- Common Estate Planning Misses and Mistakes
  - Beneficiary designations and joint ownership
  - Tax inefficient charitable giving
  - Everyday items that are overlooked

# Death and Taxes

- Estate Taxes:
  - Ohio - none
  - Federal:
    - \$15,000,000 exemption per person (\$30,000,000 as a married couple;
    - 40% tax rate on each dollar above exemption
    - Gift tax exemption \$15,000,000 per person
    - Generation Skipping Transfer Tax ("GST Tax") exemption \$15,000,000 per person, but you choose when to use it.
- Income Taxes at Death:
  - Appreciated assets receive a "step up in basis" to fair market value at death
  - Inheritance is generally not income to the recipient
  - Traditional (not Roth) IRA and 401(k) assets are the significant exception that are taxable to the recipient



# Revocable Trusts – The Most Versatile Estate Planning Tool

- Revocable Trusts can provide a variety of advantages over simple Wills for estates of any size:
  - Avoid Probate
  - Provide Privacy
  - Increase control over when and how the beneficiaries receive assets
  - Increase protection from beneficiary's creditors
  - Provide for special needs
- Do revocable trusts provide creditor protection for you while you are alive?
  - No!

# Examples of Types of Trusts and Uses

- "Credit Shelter Trust" - Used to shelter the deceased spouse's estate tax exemption amount from being taxed in the surviving spouse's estate.
- "QTIP Trust" - Provides all income for the surviving spouse but allows the deceased spouse to control what happens to the remainder.
- "Pot trust" or "Spray Trust" - Holds property in one trust for multiple beneficiaries. May be used:
  - To benefit a surviving spouse and children at the same time
  - To hold your estate in one fund for all of your children primarily for college education before dividing into separate shares
  - Generally has better asset protection than a trust for a single beneficiary, because no individual beneficiary is entitled to distribution

# Examples of Types of Trusts and Uses

- “Dynasty Trust” – Lifetime trust for the benefit of children and future generations
  - Does not contain age-based required distributions
  - Often designed to provide for the “health, education, maintenance, and support” of the beneficiary
  - If so, child can serve as Trustee of his or her own trust and still be protected from creditors
  - Child can be given a “power of appointment” to determine how remaining assets pass at his or her death among a class of beneficiaries you choose
  - Trust is well protected from creditors and

# Examples of Types of Trusts and Uses

- “Wholly Discretionary Trust” – Gives the Trustee absolute discretion over distributions and prevents beneficiaries from forcing distributions.
  - Very high creditor protection
  - Often used when there are specific concerns about a beneficiary’s behavior (e.g., substance abuse, chronic indebtedness)
- “Special Needs” or “Supplemental Needs” Trust – Designed to assist a beneficiary without being a countable resource for Medicaid purposes.
- “Ohio Legacy Trust” – Irrevocable trust to protect your own assets from your own creditors during your lifetime
  - You must give up control of assets in the trust
  - Cannot be created to defeat known creditors
  - Used in relatively rare circumstances

# Inherited Assets In Divorce

- Estate planners care about how assets are titled, which affects:
  - Who pays tax on income from the asset?
  - Whose creditors can access the asset?
  - How does the pass at death?
- Domestic Relations courts focus on whether assets are "separate property" or "marital property"
  - Generally separate property stays with the spouse who owns it
  - Marital property is generally divided 50/50

# Inherited Assets In Divorce

- Separate Property includes:
  - What you bring into the marriage and passive appreciation on those assets
  - Certain categories of assets received by one spouse during the marriage, such as:
    - Gifts
    - Inheritance
    - Personal injury settlement
- Marital Property is generally property acquired during the marriage through your own efforts.
  - Your salary is marital property whether you place it in a joint account or a separate account

# Inherited Assets In Divorce

- Property your children inherit from you outright will be separate property.
  - For now.
  - Over time, if they combine it with marital property (e.g., joint investments, paying joint expenses), they may convert it to marital property, because we cannot identify the inherited separate property at the time of divorce
- Property your children inherit in a trust for their benefit is better protected for two reasons:
  - Any assets remaining in the trust are clearly identifiable as separate property, but further
  - Your child does not actually own those assets, so they are not subject to division

# Common Planning Mistakes – Errors in Ownership and Beneficiary Designations

- If you are helping an elderly family member with their finances, be careful how accounts are set up. Are you:
  - Acting under a general power of attorney;
  - Being added as an authorized signer on a specific account; or
  - Being added as a co-owner on the account?
- If added as a co-owner
  - It will pass to you at your death, regardless of your parent's estate plan
    - OK if you are the only child
    - Possibly problematic if you have siblings
  - It is now potentially subject to your creditors even while your parent is alive

# Common Planning Mistakes – Inefficient Giving

- If you are inclined to make a charitable gift at your death, use traditional IRA assets first
  - Children must withdraw from the IRA and recognize income over roughly 10 years from your death
  - This is the primary form of asset that is taxable income to a beneficiary
  - Charities can receive IRA assets and not pay any tax, giving them the full benefit of these assets
  - Beneficiary designations must be stated as percentages; so often good to segregate an IRA intended to be left 100% charities and monitor its value over time
- Consider Qualified Charitable Distributions for lifetime gifts of up to \$110,000 per year from your IRA if you are over age 70.5. These distributions count toward your RMDs but are not reported as income, which is even better than having them as an itemized deduction



# Common Estate Planning Mistakes – Often-Overlooked Everyday Items

- What happens to my pets if I die or become disabled?
  - Deciding who will take them and including a bequest of funds to help pay for their care is good planning
- What happens to my email, Facebook, Bitcoin, or other electronic accounts?
  - Leave your fiduciaries a list of where you have accounts
- What kind of legacy are you choosing to leave your family in addition to money?
  - Consider personal letters or other communications to beneficiaries to convey your wishes about how they will use their

THANK  
YOU

SCHNEIDER  
BELL

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



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# Rainbow Babies and Children's Hospital Toy Drive

It's time for our Annual Christmas toy drive for Rainbow Babies and Children's Hospital. We will be accepting new, unwrapped toys for boys and girls of all ages from now until December 4<sup>th</sup>.

If you would like to donate, you can drop items off at our office Monday through Friday from 9am - 4pm or have them delivered directly to our office. We will be sending out an email with a link to the Rainbow wishlist for some