SOFA

THE SOCIETY FOR FINANCIAL AWARENESS

DC Metropolitan Chapter www.dcsofa.org

Estate Planning

Estate Planning

Having a Will

Doing Nothing

Joint Ownership

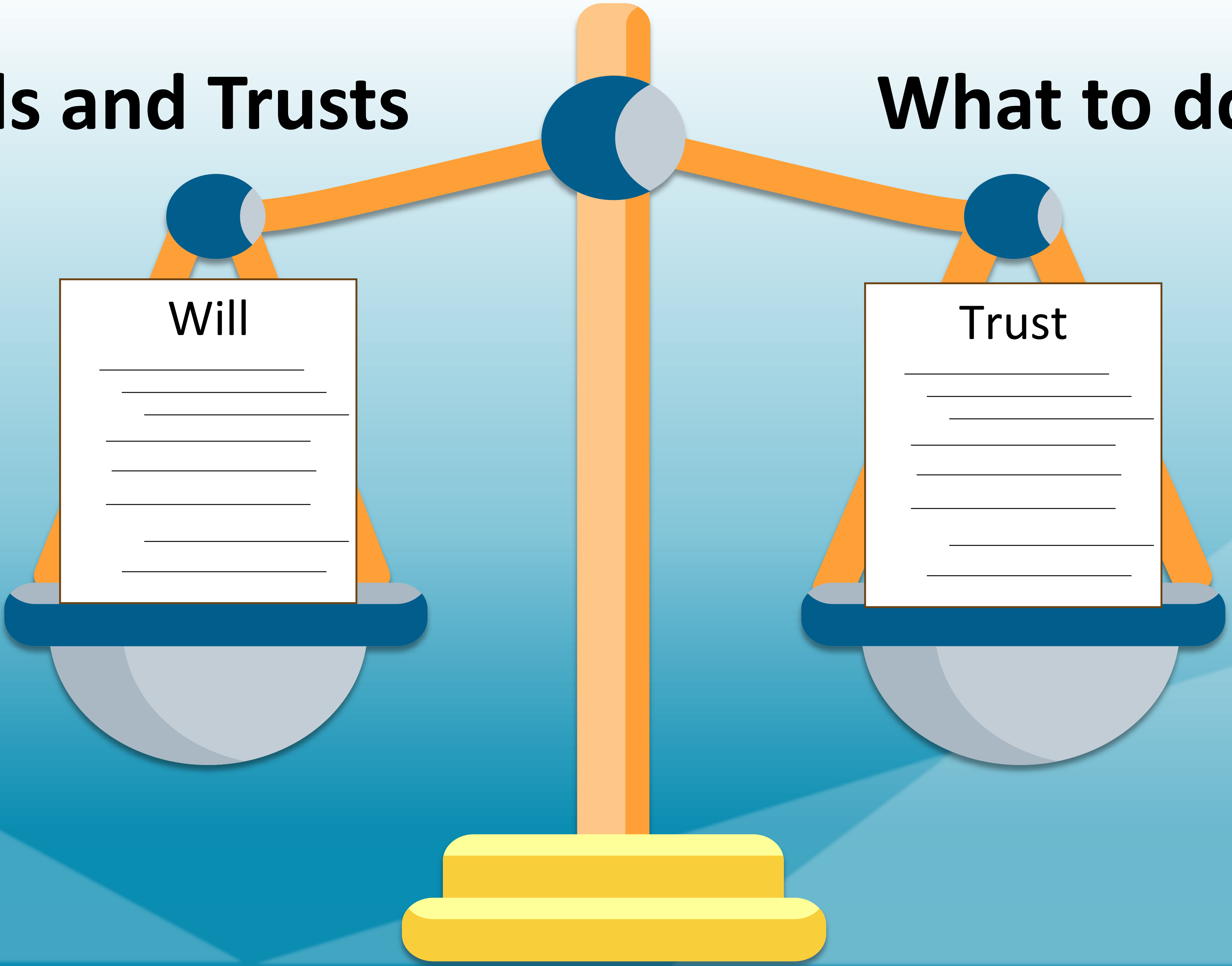
Gifting

Beneficiary Designations

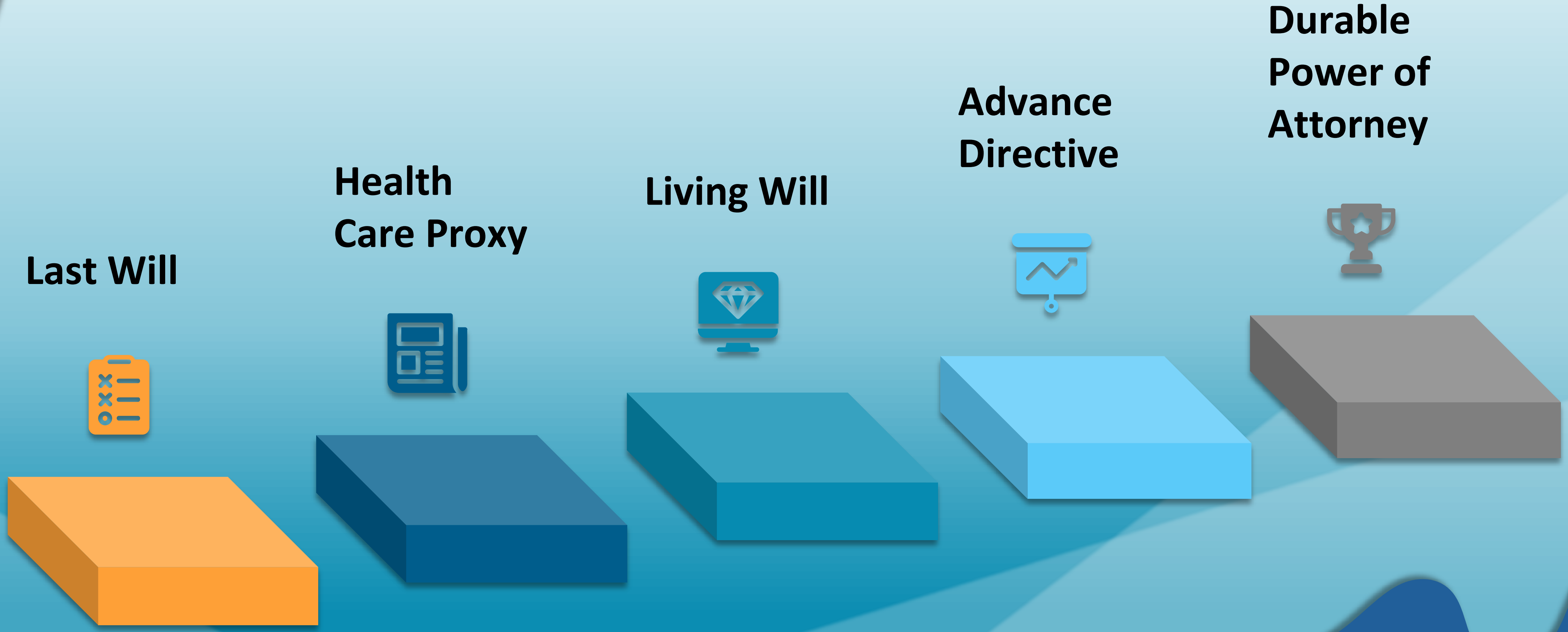
Revocable Living Trust

Wills and Trusts

What to do?



Estate Planning Documents



How do You Feel about Probate?

Groucho Marx
Case Study

Was found incompetent…And LOST….

Assets

Personal Decisions

Privacy

Costs

What is Probate

Legal Process

The ONLY Legal way to Change Title

- Will Validated
- Debts Paid
- Assets Distributed According to the Will

Wills and Minor Children

- Court:
  1. Appoints Guardian
  2. Controls Finances
- Child Inherits All at Legal Age

How to Avoid Probate

Lots of Little Wills

- Property Passing Outside a Will
- Community Property
- T.O.D.
- P.O.D.
- Beneficiary
- Life Insurance
- Joint Ownership

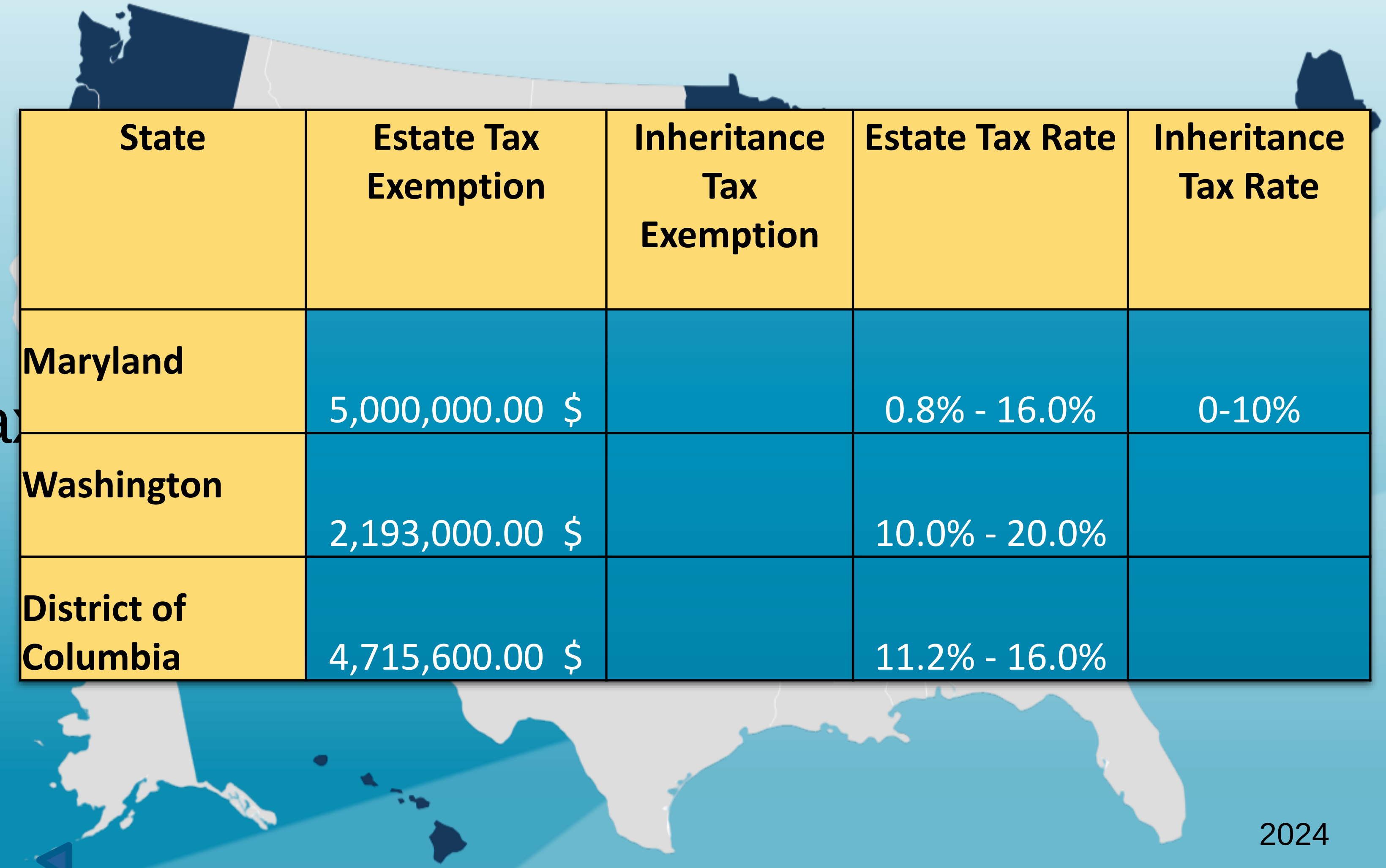
Step Up in Basis

Does Your State Have an Estate or Inheritance Tax?

Estate Tax

Inheritance Ta

Both



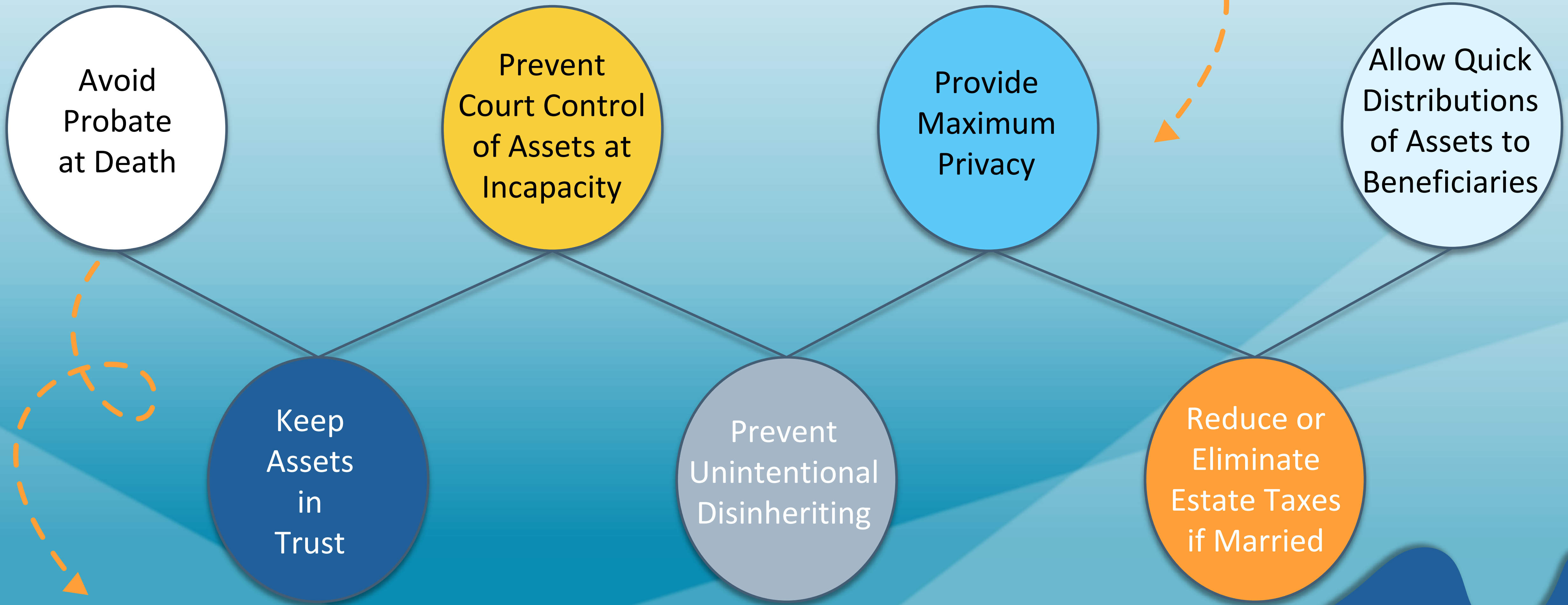
State	Estate Tax Exemption	Inheritance Tax Exemption	Estate Tax Rate	Inheritance Tax Rate
Maryland	5,000,000.00 $		0.8% - 16.0%	0-10%
Washington	2,193,000.00 $		10.0% - 20.0%	
District of Columbia	4,715,600.00 $		11.2% - 16.0%	

2024

Bloomberg Tax; State Statutes

Types of Trusts

Living Trust Summary



Divorce Protection for Your Children

Marilyn Monroe Case Study

Marilyn Monroe left the bulk of her estate to her acting coach, Lee Strasberg.

Lee and his wife, Paula, also one of her acting coaches, were like surrogate parents to Monroe.

When Strasberg died in 1982, his second wife, Anna, inherited the Monroe estate

AFTER DEATH

- Control Who Receives Assets
- Minimize Legal Fees and Taxes

AT INCAPACITY

- Control Assets
- Medical Decisions

TWO Documents Every 18-Year-Old Should Sign

Health Care Agent or Health Care Power of Attorney

- Authorizes someone to make medical decisions on your behalf.
- Automatically gives that agent legal access to your medical records.
- In the same document, or a separate one called the living will, you can express your preferences about end-of-life care.

Power of Attorney

- May be effective at time of signature OR activated by specific event, i.e., when determined incompetent.
- The problem with the “specific event” approach (known as a springing power), often requires a medical opinion.

Up-to-date versions of these forms for each state can be downloaded for free from caringinfo.org.

Trusted Contact Authorization

The Advisor may be required to share, personal, financial, account and other related information, including, but not limited to account positions, transaction history, and other personal Client information.

The Client may set limitations, if any.

Trusted Contact Authorization

Effective as of the date below in Section 5, ____________________(the “Client”) authorizes (FIRM NAME) to disclose information about the Client and their Account[s] to the individual named herein (the “Authorized Individual”).

1. Authorization Level

Client grants Advisor authority to contact the Authorized Individual via, phone, email, fax or in person to address the following:

- concerns that the Client may be victim of financial exploitation
- a temporary hold on a disbursement of Client funds or securities
- current contact information
- whereabouts and/or physical and mental health status
- identity of legal guardians, beneficiaries, trustees, executor, power or attorney or other person who may be acting on your behalf
- circumstances regarding potential financial harm
- other limited circumstances when permitted by law

CRT Model

Tax Deferred	Tax Free	Tax Deductible
	ROTH 468,000 Conversion	TSP 500,000

$150K
Offset Tax

5 Years

CRT	Corporate Bonds	Municipal Bonds
250,000		
Preferred Stocks	Blue Chip Stocks	Growth Securities
		250,000

Income

0 Tax

Gifting Made Simple

Any gift is taxable

However…
there are
EXCEPTIONS

- Make $19,000/year* gifts pp per donor.
  *2025
- Make unlimited direct medical cost gifts.
- Make a gift to your spouse.
- Make unlimited direct educational cost gifts.
- Give to a political organization.

Three "Buckets" of Money

TAXABLE

Cash, Savings, CD's, Stock, Bonds, Real Estate, etc.

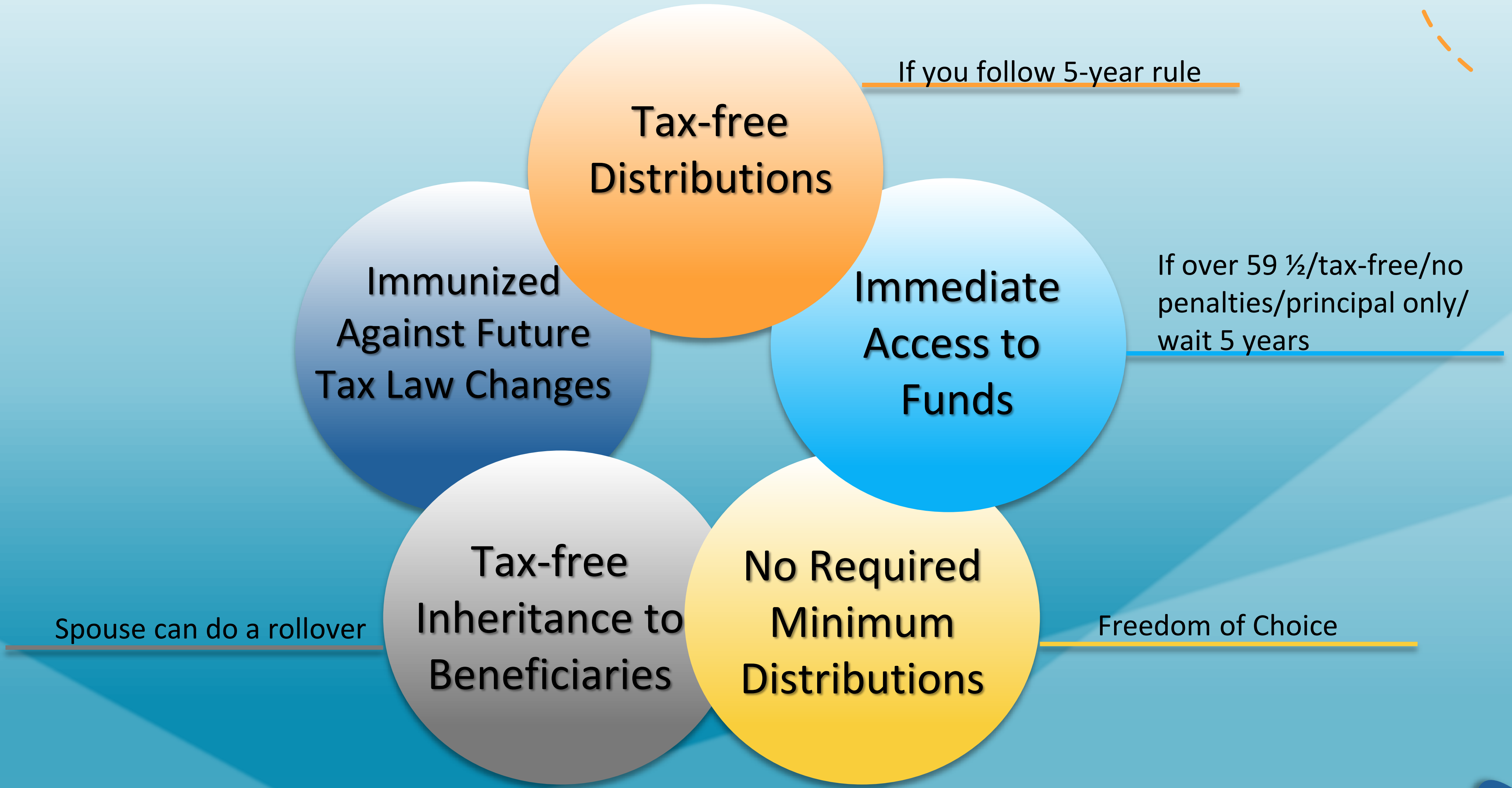
TAX-Deferred

TSP, 401(k)s, IRAs, 403(b)s, Qualified Money, etc.

TAX-FREE

Roth IRA,
Municipal Bonds,
Life Insurance

Benefits of Roth Conversion



Target Retirement Income

Gross Income - Sue	$107,000	
Gross Income - Bill	$0	
	$0	
Total Gross Income	**$107,000**	
Less		
TSP/401(k)		$24,500
IRA		$6,500
Social Security		$6,634
IRA		$6,500
Mortgage		$0
College		$0
Credit Cards		$0
Debts		$0
Tax Equivalent		$0
Non/Qualfied IRA		$0
Roth		$0
Total Payments	**$44,134**	
Target Retirement Income		**$62,866**

Income	$0
Total Income	**$107,000**

Additional Information

Sue 61-62;

Bill 61-62

Retirement Income Projections

Sue	COLA	0%	Pension	$0
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	0%	0%	401k & IRA	$0
			TOTAL	$0
Bill	COLA	0%	Pension	$0
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	0%	0%	IRA	$0
			TOTAL	$0
W/D Rate from Cash Assets				$0
				$0
Total Income at year # 1 =				$0
0.0%	Target Retirement Income			$62,866

Employee	Match	Add.
0	2,360	0
		6,500 (Sue)
		24,500 (Sue)
		6,500 (Bill)
0	0	37,500

	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 100,000			1%	101,000
				1%	0
				1%	0
Sue	Tax Deferred	Roth	401k & IRA		
			IRA 550,000	4%	0
		roth 66,000		4%	68,640
			TSP 310,000	4%	926,640
Bill	Tax Deferred	Roth	IRA		
				4%	0
		roth 22,000		4%	22,880
			IRA 300,000	4%	318,760
					1,437,920

Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value
			5%	0
		25,000	5%	0
			5%	26,250

0

Sue Retires

Total Income				$107,000
Additional Information				
Sue 62-70				
Bill 62-70				
Retirement Income Projections				
Sue	COLA	0%	Pension	$18,836
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	3%	0%	401k & IRA	$31,506
			TOTAL	$50,342
Bill	COLA	0%	Pension	$0
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	4%	0%	IRA	$12,750
			TOTAL	$12,750
0%	W/D Rate from Cash Assets			$0
				$0
Total Income at year # 8 =				$63,092
0.0%	Target Retirement Income			$62,866

Employee	Match	Add.
0	0	0
0	0	0

	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 101,000			1%	109,369
				1%	0
				1%	0

	Tax Deferred	Roth	401k & IRA	Rate	Future Value
Sue			IRA 578,760	4%	0
		roth 68,640		4%	93,939
			TSP 347,880	4%	966,258

	Tax Deferred	Roth	IRA	Rate	Future Value
Bill				4%	0
		roth 22,880		4%	31,313
			IRA 318,760	4%	314,061

Savings Type Assets Total 1,514,938

Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value
			5%	0
		26,250	5%	0
			5%	28,783

			0

Tax Bracket 2025

Projected Retirement Income $160,000. What tax bracket does it fall into?

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	$0 to $11,925	$0 to $23,850	$0 to $17,000
12%	$11,925 to $48,475	$23,850 to $96,950	$17,000 to $64,850
22%	$48,475 to $103,350	$96,950 to $206,700	$64,850 to $103,350
24%	$103,350 to $197,300	$206,700 to $394,600	$103,350 to $197,300
32%	$197,300 to $250,525	$394,600 to $501,050	$197,300 to $250,500
35%	$250,525 to $626,350	$501,050 to $751,600	$250,500 to $626,350
37%	$626,350 or more	$751,600 or more	$626,350 or more

RMD & SS

Total Income				$107,000

Additional Information

Sue 70-100

Bill 70-100

Retirement Income Projections

Sue	COLA	0%	Pension	$18,836
	WD	0%	Social Security	$32,000
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	4%	0%	401k & IRA	$38,650
			TOTAL	$89,486
Bill	COLA	0%	Pension	$0
	WD	0%	Social Security	$32,000
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	4%	0%	IRA	$12,562
			TOTAL	$44,562
0%			W/D Rate from Cash Assets	$0
				$0
Total Income at year # 30 =				$134,049
0.0%			Target Retirement Income	$62,866

Employee	Match	Add.
0	0	0
0	0	0

0

Regular Savings	CD's	College Savings
Savings 109,369		

Rate	Future Value
1%	147,412
1%	0
1%	0

Sue

Tax Deferred	Roth	401k & IRA
		IRA 603,504
	roth 93,939	
		TSP 362,753

Rate	Future Value
4%	0
4%	304,680
4%	879,550

Bill

Tax Deferred	Roth	IRA
	roth 31,313	
		IRA 314,061

Rate	Future Value
4%	0
4%	101,560
4%	285,878

Savings Type Assets Total 1,719,080

Government Bonds	Corporate Bonds	BoA Trust
		38,783

Rate	Future Value
5%	0
5%	0

Tax Bracket 2025

Projected Retirement Income $160,000. What tax bracket does it fall into?

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	$0 to $11,925	$0 to $23,850	$0 to $17,000
12%	$11,925 to $48,475	$23,850 to $96,950	$17,000 to $64,850
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32%	$197,300 to $250,525	$394,600 to $501,050	$197,300 to $250,500
35%	$250,525 to $626,350	$501,050 to $751,600	$250,500 to $626,350
37%	$626,350 or more	$751,600 or more	$626,350 or more

Sue Retires

Total Income	**$107,000**
Additional Information	
Sue 62-70	
Bill 62-70	

Retirement Income Projections

Sue	COLA	0%	Pension	$18,836
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	3%	0%	401k & IRA	$31,506
			TOTAL	$50,342
Bill	COLA	0%	Pension	$0
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	4%	0%	IRA	$12,750
			TOTAL	$12,750
0%	W/D Rate from Cash Assets			$0
				$0
Total Income at year # 8 =				$63,092
0.0%	Target Retirement Income			$62,866

Employee	Match	Add.
0	0	0
0	0	0

Regular Savings	CD's	College Savings	Rate	Future Value
Savings 101,000			1%	109,369
			1%	0
			1%	0

	Tax Deferred	Roth	401k & IRA	Rate	Future Value
Sue			IRA 578,760	4%	0
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Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value
			5%	0
		26,250	5%	0
			5%	28,783

0

Wealth Transfer: Pre-Tax Retirement Accounts

Ret. Age	To Age	Pre-Tax Accounts Initial Balance	Level B.o.Y. Withdrawals	Rate of Return (Avg. Annual)	Total of All Fees	Federal+State *Income* Tax %
72	100	$1,000,000	$0	5.00%	0.00%	24%

Age	Year	Balance B.o.Y.	Gross Withdrawal B.o.Y. ☑ RMD	Balance Net of Fees E.o.Y.	All-Inclusive Tax Liability E.o.Y.	Net of Fed+State Income Taxes
72	1	$1,000,000	$39,063	$1,008,984	$0	$766,828
73	2	1,008,984	40,850	1,016,542	243,970	772,572
74	3	1,016,542	42,712	1,022,521	245,405	777,116
75	4	1,022,521	44,652	1,026,763	246,423	780,340
76	5	1,026,763	46,671	1,029,097	246,983	782,113
77	6	1,029,097	48,542	1,029,582	247,100	782,482
78	7	1,029,582	50,718	1,027,807	246,674	781,133
79	8	1,027,807	52,708	1,023,854	245,725	778,129
80	9	1,023,854	54,752	1,017,557	244,214	773,344
81	10	1,017,557	56,847	1,008,746	242,099	766,647
82	11	1,008,746	58,991	997,243	239,338	757,905
83	12	997,243	61,181	982,865	235,888	746,978
84	13	982,865	63,411	965,428	231,703	733,725
85	14	965,428	65,232	945,206	226,849	718,356
86	15	945,206	67,036	922,078	221,299	700,780
87	16	922,078	68,812	895,930	215,023	680,907
88	17	895,930	70,546	866,653	207,997	658,657
89	18	866,653	72,221	834,154	200,197	633,957
90	19	834,154	73,171	799,032	191,768	607,264
91	20	799,032	73,984	761,300	182,712	578,588
92	21	761,300	74,637	720,996	173,039	547,957
93	22	720,996	75,104	678,186	162,765	515,422
94	23	678,186	74,526	633,843	152,122	481,721
95	24	633,843	73,703	588,148	141,155	446,992
96	25	588,148	72,611	541,314	129,915	411,398
97	26	541,314	71,225	493,593	118,462	375,130
98	27	493,593	69,520	445,276	106,866	338,410
99	28	445,276	66,459	397,758	95,462	302,296

Tax Shelter

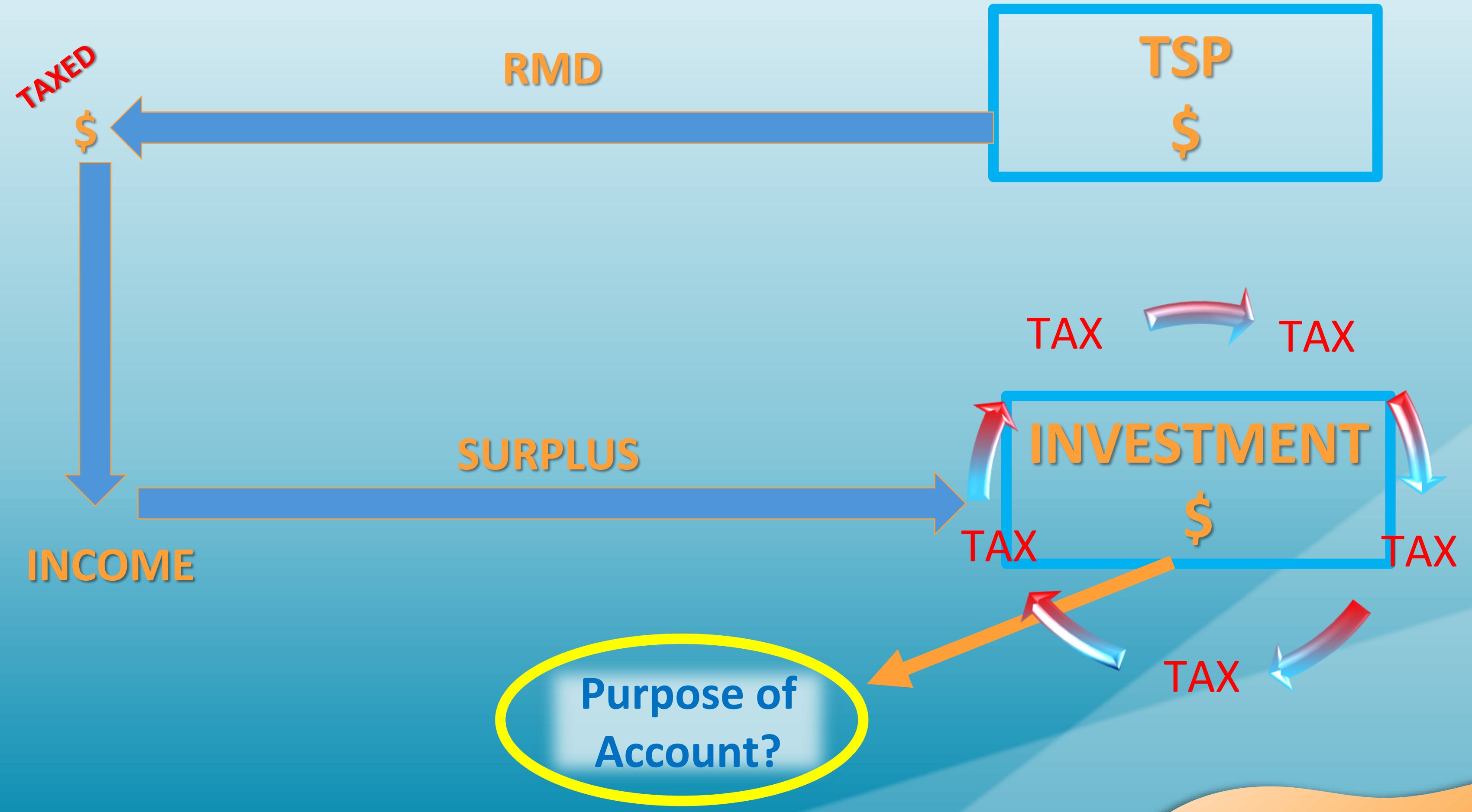
Tax Free Growth

Surplus or Gap

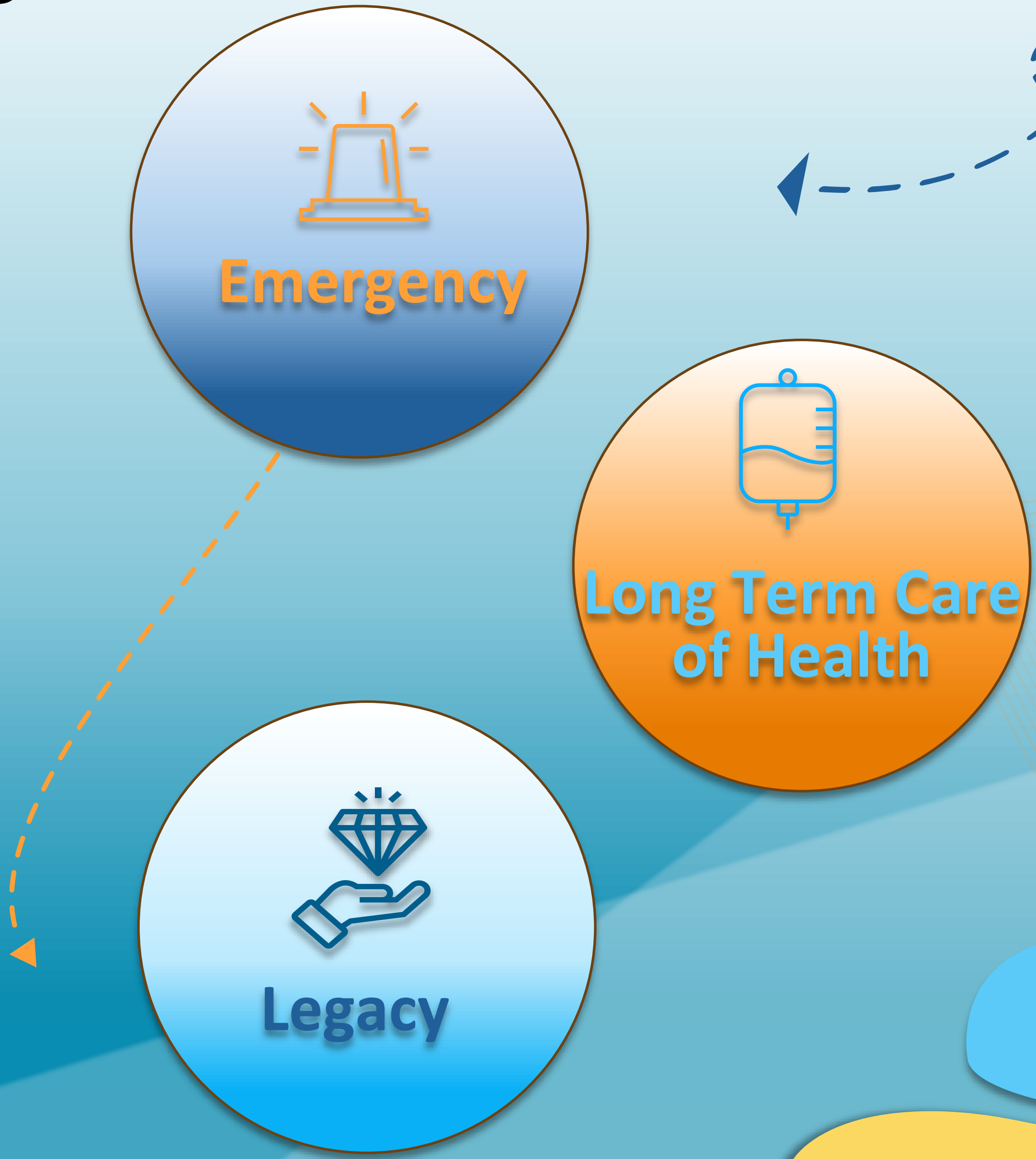
Lower/Higher Brackets

RMD's Social Security = Reinvestment?

Roth IRA/ Shadow Prevision


TSP
$
RMD
TAXED
$
INCOME
SURPLUS
TAX
TAX
INVESTMENT
$
TAX
TAX
TAX
Purpose of Account?

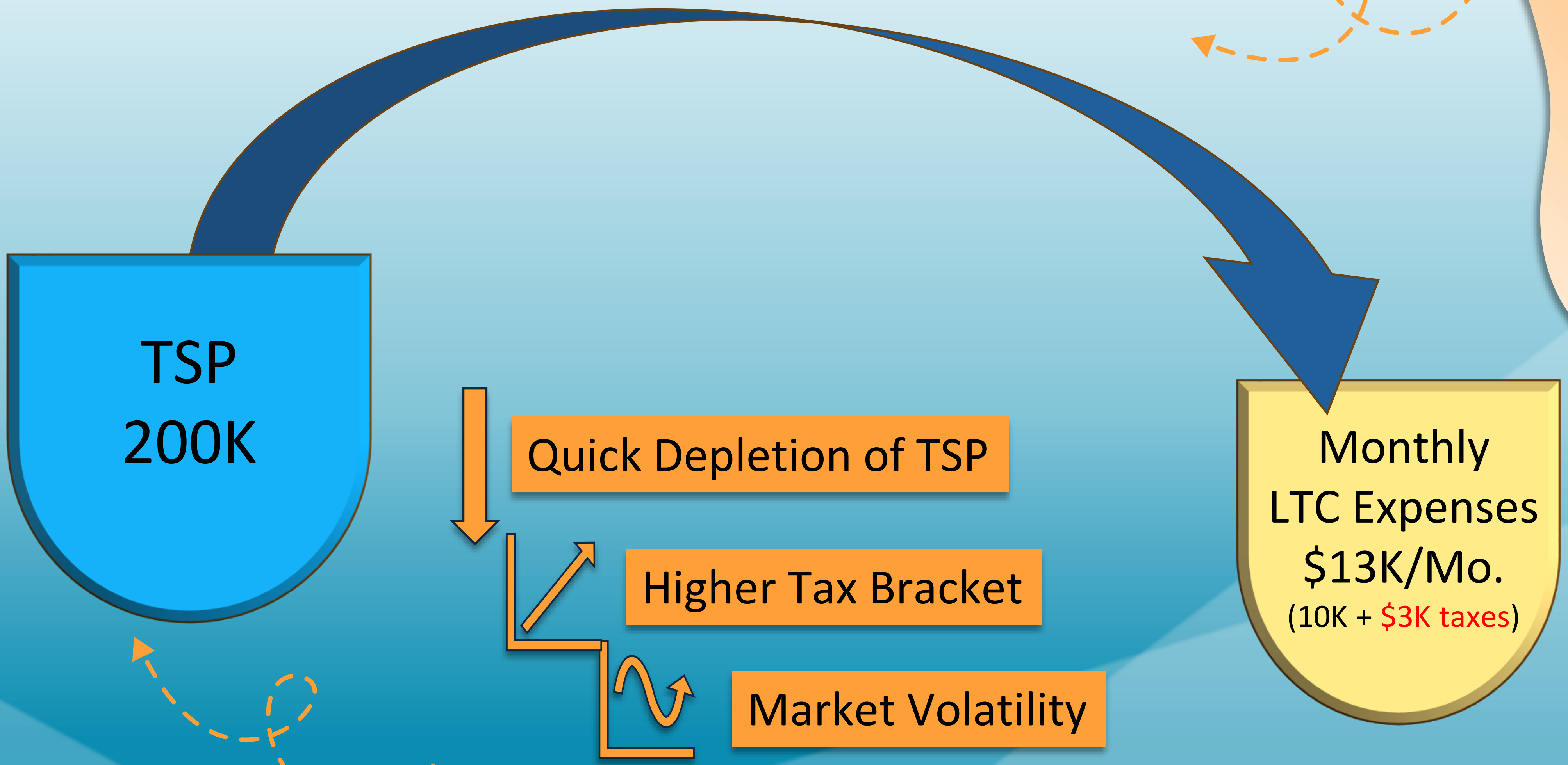
Purpose of Surplus



Life Insurance with LTC Rider

Year	Age End Year	Contract Prem for Gtd Values	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Contract Premium	Net Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1	60	10,000	0	229,197	10,000	1,494	1,494	1,494	3,482	232,679	3,481
2	61	10,379	676	229,197	10,000	1,680	3,221	3,897	7,277	236,474	8,805
3	62	10,379	6,310	229,197	10,000	1,772	5,092	11,402	11,160	240,357	24,988
4	63	10,379	12,037	229,197	10,000	1,963	7,211	19,249	15,334	244,531	40,931
5	64	10,379	17,848	229,197	10,000	2,197	9,626	27,474	19,870	249,067	56,712
6	65	10,379	23,816	229,197	10,000	2,386	12,297	36,113	24,654	253,851	72,398
7	66	10,379	29,890	229,197	10,000	2,633	15,289	45,179	29,782	258,979	88,004
8	67	10,379	36,053	229,197	10,000	2,912	18,641	54,694	35,296	264,493	103,559
9	68	10,379	42,312	229,197	10,000	3,204	22,373	64,685	41,194	270,391	119,099
10	69	10,379	48,665	229,197	10,000	3,472	26,472	75,138	47,413	276,610	134,575
11	70	10,379	55,110	229,197	10,000	3,837	31,039	86,149	54,100	283,297	150,156
12	71	10,379	61,629	229,197	10,000	4,197	36,078	97,706	61,222	290,419	165,803
13	72	10,379	68,191	229,197	10,000	4,597	41,633	109,823	68,821	298,018	181,544
14	73	10,379	74,778	229,197	10,000	5,060	47,772	122,550	76,975	306,172	197,463
15	74	10,379	81,365	229,197	10,000	5,558	54,534	135,899	85,711	314,908	213,590
16	75	10,379	87,934	229,197	10,000	6,016	61,884	149,818	94,940	324,137	229,845
17	76	10,379	94,484	229,197	10,000	6,432	69,786	164,270	104,580	333,777	246,171
18	77	10,379	101,023	229,197	10,000	6,857	78,253	179,276	114,624	343,821	262,602
19	78	10,379	107,560	229,197	10,000	7,258	87,268	194,828	125,022	354,219	279,115
20	79	10,379	114,106	229,197	10,000	7,633	96,811	210,917	135,723	364,920	295,692
21	80	10,379	120,207	229,197	10,000	8,113	106,986	227,193	146,860	376,057	311,868
22	81	10,379	126,255	229,197	10,000	8,348	117,548	243,803	158,088	387,285	327,886
23	82	10,379	132,233	229,197	10,000	8,645	128,547	260,780	169,487	398,684	343,832
24	83	10,379	138,139	229,197	10,000	9,033	140,073	278,213	181,170	410,367	359,838
25	84	10,379	143,894	229,197	10,000	9,512	152,184	296,078	193,249	422,446	375,972
26	85	10,379	149,469	229,197	10,000	10,052	164,920	314,388	205,792	434,989	392,303
27	86	10,379	154,820	229,197	10,000	10,568	178,231	333,051	218,763	447,960	408,792
28	87	10,379	159,906	229,197	10,000	11,109	192,112	352,018	232,190	461,387	425,456
29	88	10,379	164,694	229,197	10,000	11,642	206,524	371,218	246,061	475,258	442,284
30	89	10,379	169,154	229,197	10,000	12,192	221,447	390,602	260,398	489,595	459,304

Paying for LTC: TSP



Inheriting Retirement Accounts

Will my beneficiaries owe taxes?

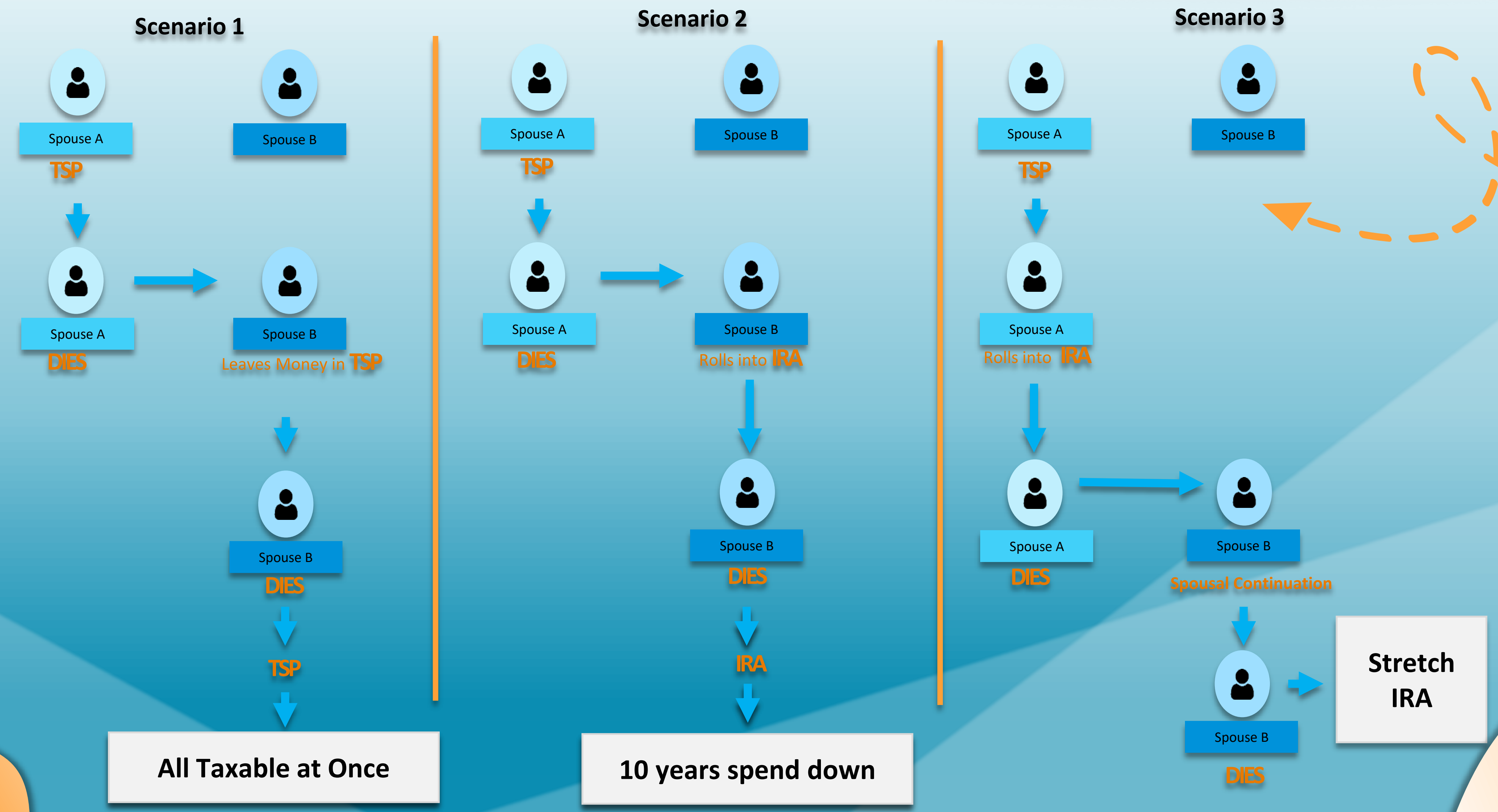
Are all retirement accounts treated the same?

Who should I designate as beneficiary?

Should I use a trust?

Stretch IRA is Back !

SECURE ACT 2.0



Versatile Calculator

Beginning Balance	Gross Level ROR	Fee % of AUM
$945,000	5.00	0.00

Annual Additions or Withdrawals	# of Years	Avg. Inv. Tax Rate %
($116,554)	10	26.00

Ord. Inc. Tax Rate%	Taxable % of Gain
0.00	100.00
Federal + State	Basis & Turnover

Reset

High Random Gross ROR	50.00
Low Random Gross ROR	(40.00)

Inflation % 0.00

Lock Random RORs

Level RORs | Manually-Typed or Pasted RORs | Random Fixed RORs | RandomVar. RORs

LOC Rate of Return: Not Included

Recalculate Random Var. RORs (or use F9)

Year	Beginning Balance	Gross ROR	Gain or Loss	0.00% Fees	0.00% Taxes	Total Tax & Fees + LOC	Net Gain or Loss	Gross Addition or Withdrawal	Ending Balance Before Deferred Tax	Effective ROR Before Deferred Tax	Deferred Tax
1	828,446	5.00	41,422	0	0	0	41,422	116,554	869,868	5.00	0
2	753,314	5.00	37,666	0	0	0	37,666	116,554	790,980	5.00	0
3	674,426	5.00	33,721	0	0	0	33,721	116,554	708,147	5.00	0
4	591,593	5.00	29,580	0	0	0	29,580	116,554	621,173	5.00	0
5	504,619	5.00	25,231	0	0	0	25,231	116,554	529,850	5.00	0
6	413,296	5.00	20,665	0	0	0	20,665	116,554	433,961	5.00	0
7	317,407	5.00	15,870	0	0	0	15,870	116,554	333,277	5.00	0
8	216,723	5.00	10,836	0	0	0	10,836	116,554	227,559	5.00	0
9	111,005	5.00	5,550	0	0	0	5,550	116,554	116,555	5.00	0
10	1	5.00	0	0	0	0	0	116,554	2	5.00	0
Totals	1	5.00	220,542	0	0	0	220,542	1,165,540	2	5.00	0

Tax and Estate Strategies

Step-up in BASIS

Check Your Beneficiaries

Set up a Trust

Convert Traditional Retirement Accounts to ROTH

Gift Your Money while You're Alive

Maximize Spousal Exemption

Insurance Trusts/Gifts of Life Insurance

Benefits of Living Gifts and Life Insurance

Gifts to Charities – CRT (charitable remainder trust)

Gifts to Spouses

Gifts for Education

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