

Succession Planning

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A STRESS TEST FOR YOUR ESTATE PLAN

- ▶ What will it feel like for your spouse and/or children to live with your plan after you are gone?
- ▶ How will distributions be made to them, and what will they need to do to receive them?
- ▶ Will your beneficiaries get stuck with an unexpected – and unaffordable – tax bill?
- ▶ Is your plan flexible enough to adapt to future changes in your family situation or tax laws?
- ▶ Going through this process usually results in some surprising findings, which, if left unaddressed, can cause your plan to go awry
- ▶ How do we learn from them



SOLUTION

- ▶ Evaluate the ages of your beneficiaries, amount of each distribution, their ability to manage investments, and the options for providing assets to them
- ▶ This will allow for asset protection, help to maximize your gift, estate, and GST tax exclusions, and ensure your beneficiary will have “guardrails” in the form of a trustee who can help manage the assets, make investment decisions, and assist the beneficiary in monetary management
- ▶ What seems like simple language can translate into meaningful differences in the way your beneficiaries will receive money from trusts and how they can use it

SOLUTION

Carefully review trust provisions with your advisors to make sure they align with your intentions

Be sure to talk in real life terms of “what will this enable my spouse and children to do?”

I OWE HOW MUCH IN ESTATE TAX?

A grayscale photograph of a hand in a dark suit sleeve carefully balancing a single wooden block on top of a tall, wobbly tower of Jenga blocks. The background is a plain, light color.

- ▶ If your taxable estate is above federal and/or state estate tax exemption amounts, understanding your estate tax liability is critical

SOLUTION

- ▶ Can I Minimize the estate taxes owed by taking action now?
- ▶ Are you confident, you have enough wealth to support your lifetime goals, various wealth transfer strategies can move excess wealth – and future growth on the assets you transfer – out of your taxable estate tax free

Stocks, Bonds, L.P., GRATS, Step-up- Basis Laws, Individual or family Trusts



SOLUTION

- ▶ To minimize family discord, discuss the assets your beneficiaries wish to keep and develop a plan to ensure your estate plan has sufficient liquidity to cover the related expenses
- ▶ For those assets, your beneficiaries may not want to keep, develop a plan now for how those assets will be sold or possibly gifted to charity
- ▶ Using your lifetime gift tax exclusions not only removes assets from your estate, but all future appreciation on those assets as well

SOLUTION

- ▶ Do you regularly make annual exclusion gifts and have you used up your entire lifetime gift tax exclusion?
- ▶ It is important to carefully consider how assets are owned by spouses, which assets to transfer, and which strategies to employ to be most efficient
- ▶ The example above assumes a married couple, with assets in excess of the existing estate tax exclusion amount, each gifting \$18,000 per year for 20 years

OUR MY FIDUCIARY DESIGNATIONS OUTDATED ?

- ▶ Because relationships and circumstances change over time, you may be surprised to recall who you have named a fiduciary – the person or entity that will ensure that your plan is carried out according to your wishes – including your agents for healthcare and property, the trustee of your trust or trusts and the executor of your estate
- ▶ Adult children commonly name parents when they first create an estate plan, but these designations should be reconsidered as parents age
- ▶ Lastly, acting as an agent, trustee or executor can be a lot of work, and require time and skill sets that the people you have named may not possess

SOLUTION

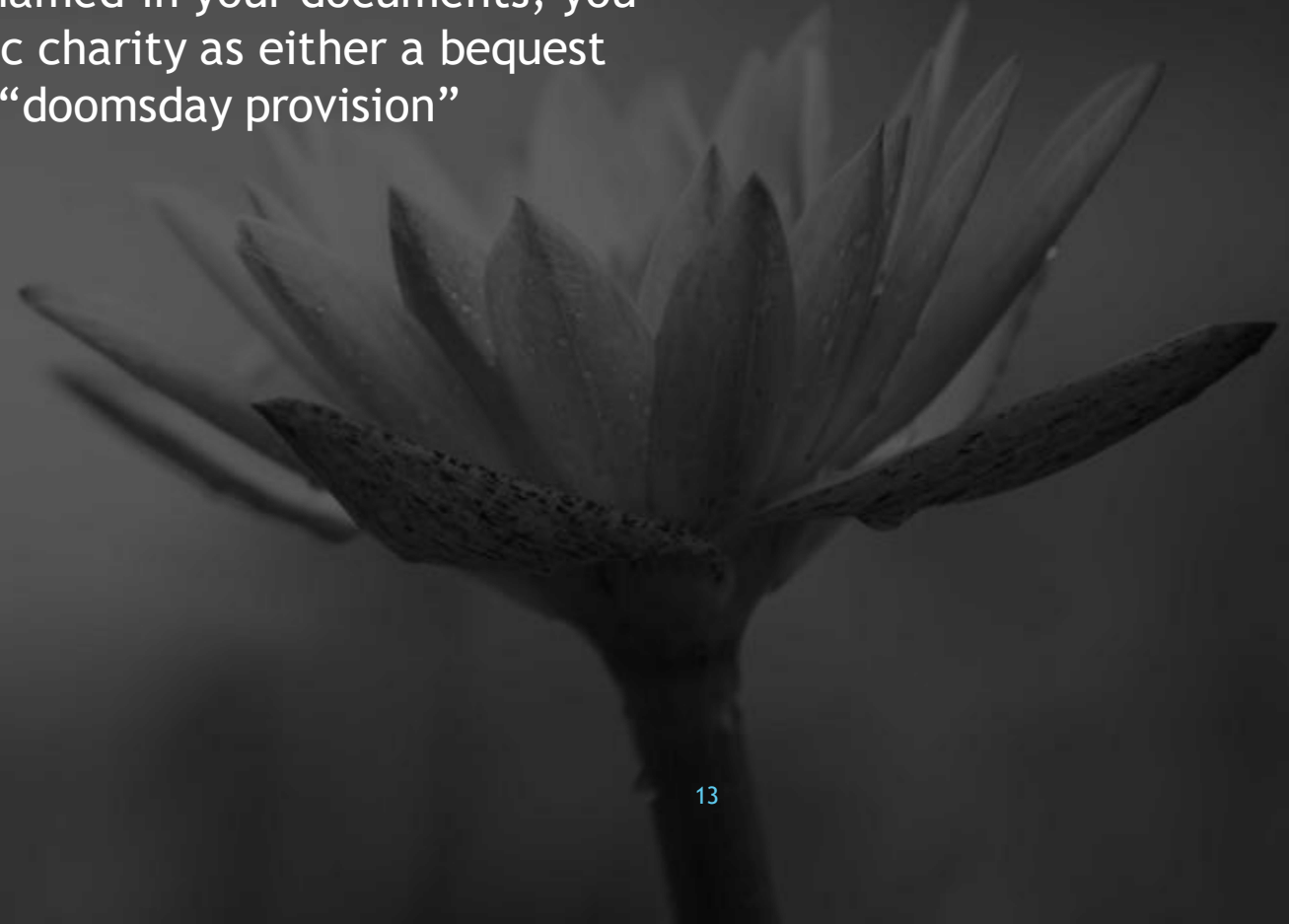
- ▶ Keep a comprehensive list of the various fiduciary appointments named in your estate plan
- ▶ Illiquid assets, such as closely held businesses, private equity investments with lengthy lock-up periods and real estate, can make settling your estate difficult and can be accompanied by hard-to-pay estate tax bills
- ▶ Illiquid assets can also make it difficult to equally distribute your estate among beneficiaries

SOLUTION

- ▶ Ensure there will be liquidity available to pay the estate tax bill on assets that are difficult to monetize or which your family may not want to monetize
- ▶ There may be opportunities to defer the payment of estate tax bills on certain types of operating businesses
- ▶ Carefully consider if other forms of liquidity, such as life insurance, could help cover expenses and make it easier to equally distribute your estate

MY CHARITABLE PROVISIONS ARE NO LONGER APPROPRIATE

- ▶ Similar to being surprised by the fiduciaries named in your documents, you may have forgotten that you named a specific charity as either a bequest recipient or an ultimate beneficiary under a “doomsday provision”



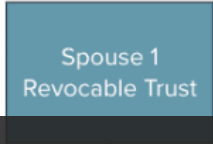


SOLUTION

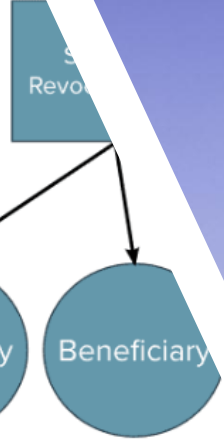
- ▶ Liquid Assets
- ▶ Assets that can be converted into cash in a short time, with little or no loss in value
- ▶ Illiquid Assets
- ▶ Assets that cannot easily be sold or exchanged for cash without a substantial loss in value
- ▶ *Deferred Assets
- ▶ Income tax-deferred assets (e.g., IRAs, and other retirement plans)
- ▶ Liabilities
- ▶ Legal obligations or debt owed to another person or company
- ▶ *Life Insurance
- ▶ A benefit paid to your named beneficiaries by an insurance company upon your death

Standard Estate Tax Plan (QTIP Trusts)

Upon the death of the 1st spouse to pass away, trust directs assets of the estate to the Marital Trust.



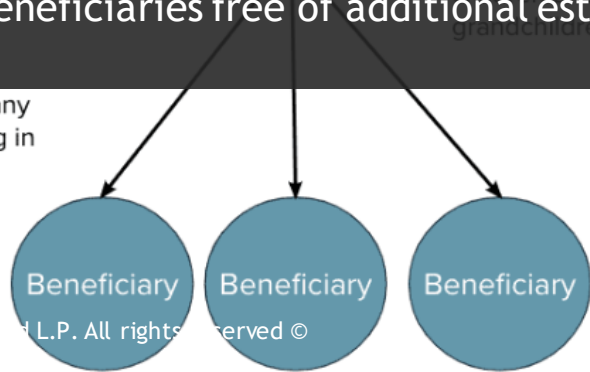
Divide assets equally between both spouses



SOLUTION

- ▶ Once this framework is in place, we run all of your assets and liabilities through an estate plan flowchart, using the terms of your existing documents, to determine exactly how they will pass upon your death and at the death of your spouse
- ▶ for estate tax purposes, we also model assets subject to estate tax and assets that will pass to beneficiaries free of additional estate taxes

Upon death of surviving spouse any property remaining in trust passes to beneficiaries.



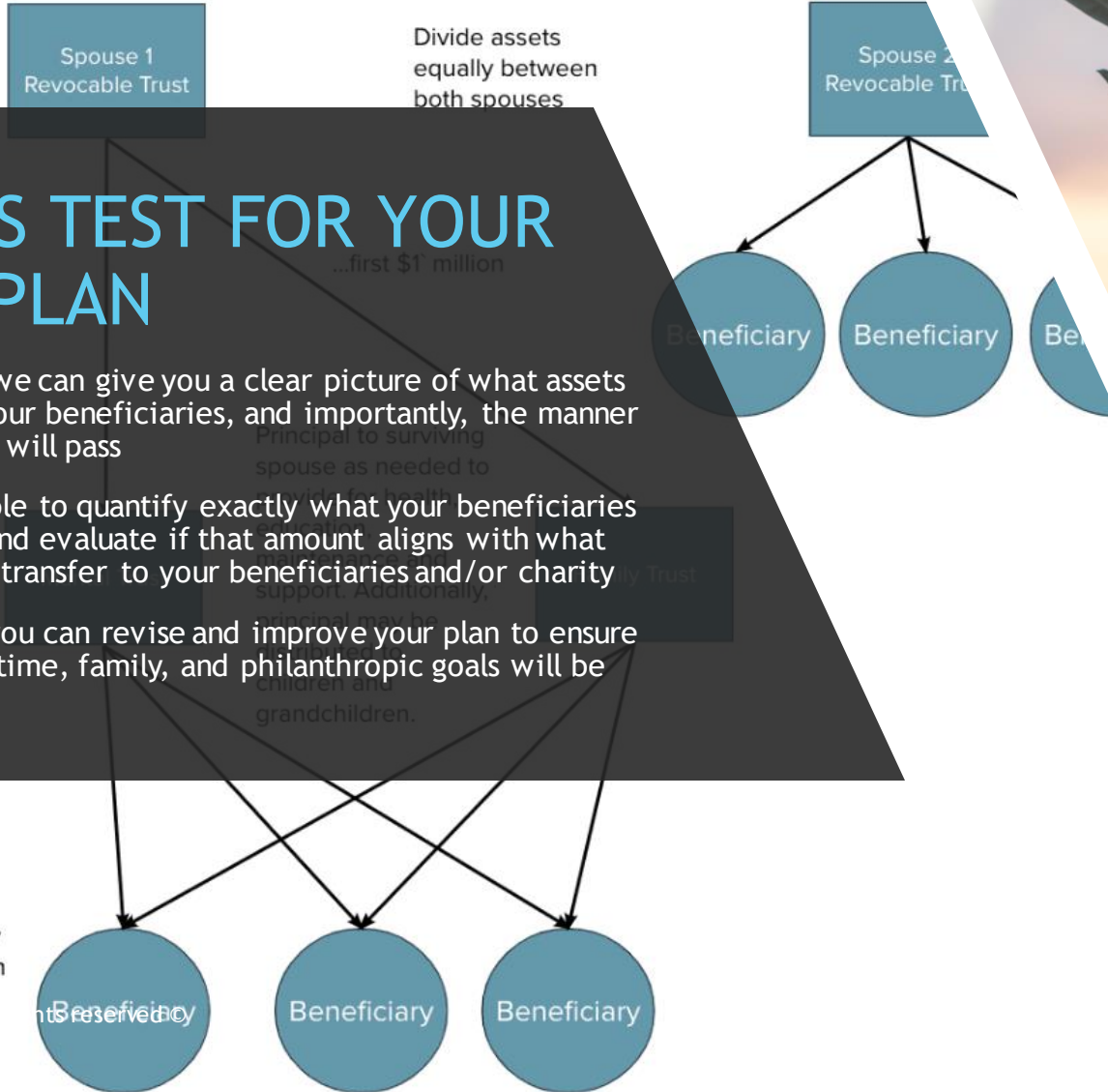
L.P. All rights reserved ©

Estate Tax Planning Variations: The P



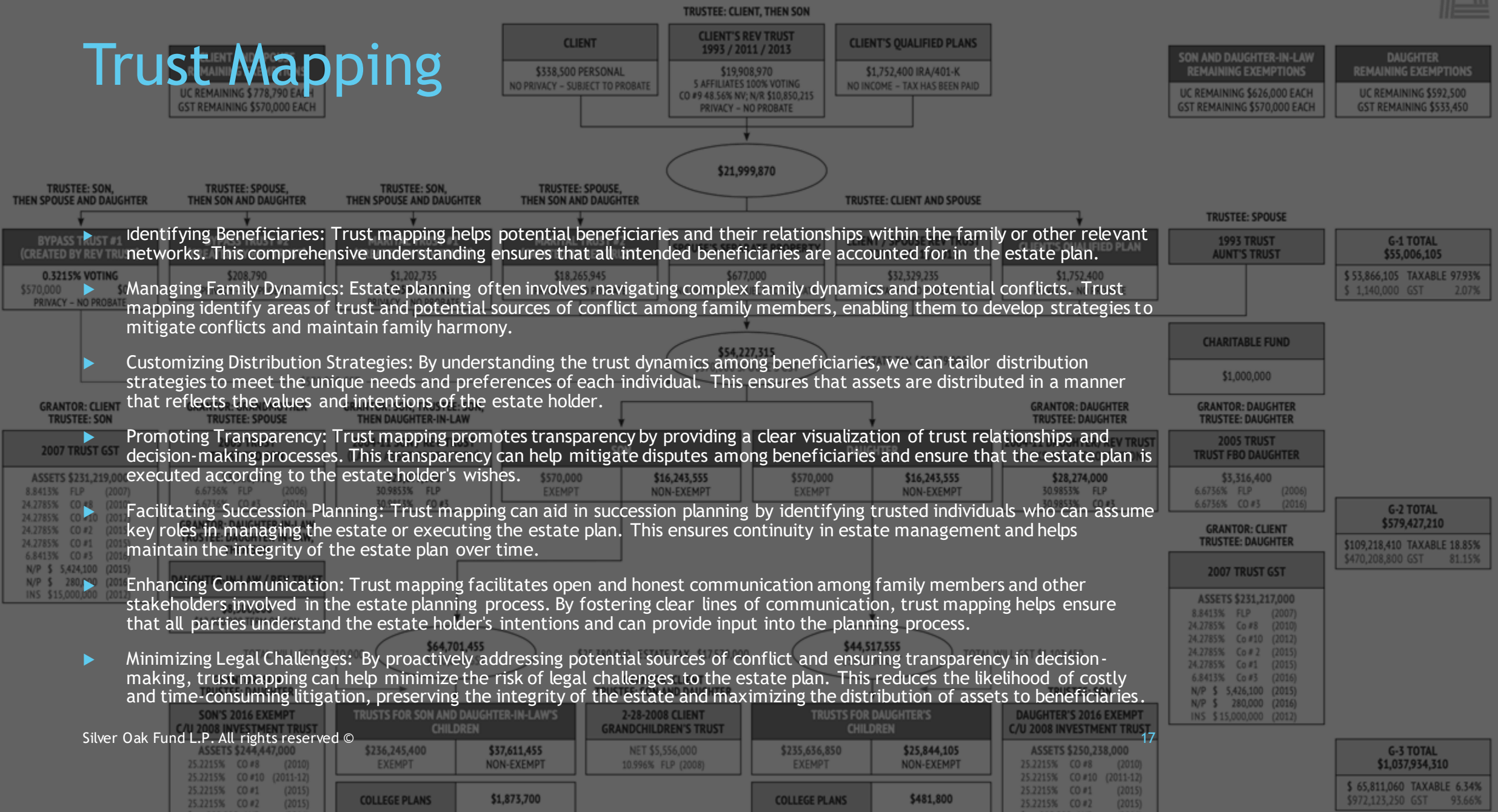
A STRESS TEST FOR YOUR ESTATE PLAN

- ▶ By modeling we can give you a clear picture of what assets will pass to your beneficiaries, and importantly, the manner in which they will pass
- ▶ You will be able to quantify exactly what your beneficiaries will receive and evaluate if that amount aligns with what you hoped to transfer to your beneficiaries and/or charity
- ▶ From there, you can revise and improve your plan to ensure that your lifetime, family, and philanthropic goals will be fulfilled





Trust Mapping



Identifying Beneficiaries: Trust mapping helps potential beneficiaries and their relationships within the family or other relevant networks. This comprehensive understanding ensures that all intended beneficiaries are accounted for in the estate plan.

Managing Family Dynamics: Estate planning often involves navigating complex family dynamics and potential conflicts. Trust mapping identifies areas of trust and potential sources of conflict among family members, enabling them to develop strategies to mitigate conflicts and maintain family harmony.

Customizing Distribution Strategies: By understanding the trust dynamics among beneficiaries, we can tailor distribution strategies to meet the unique needs and preferences of each individual. This ensures that assets are distributed in a manner that reflects the values and intentions of the estate holder.

Promoting Transparency: Trust mapping promotes transparency by providing a clear visualization of trust relationships and decision-making processes. This transparency can help mitigate disputes among beneficiaries and ensure that the estate plan is executed according to the estate holder's wishes.

Facilitating Succession Planning: Trust mapping can aid in succession planning by identifying trusted individuals who can assume key roles in managing the estate or executing the estate plan. This ensures continuity in estate management and helps maintain the integrity of the estate plan over time.

Enhancing Communication: Trust mapping facilitates open and honest communication among family members and other stakeholders involved in the estate planning process. By fostering clear lines of communication, trust mapping helps ensure that all parties understand the estate holder's intentions and can provide input into the planning process.

Minimizing Legal Challenges: By proactively addressing potential sources of conflict and ensuring transparency in decision-making, trust mapping can help minimize the risk of legal challenges to the estate plan. This reduces the likelihood of costly and time-consuming litigation, preserving the integrity of the estate and maximizing the distribution of assets to beneficiaries.

ESTATE PLAN FLOWCHART AND CONSIDERATIONS

- ▶ Will the trust allow for all you want for your heirs ?
- ▶ It is important to work collectively with a team of advisors — your estate planning attorney, wealth advisor, accountant, trust advisor, portfolio manager and estate administrator — to evaluate your full balance sheet and estate plan
- ▶ This shared information will enhance each advisor's understanding of the total picture and result in a more efficient plan so that you can transfer your wealth with confidence and purpose

How do we begin?

- ▶ We start by creating a confidential survey involving all stakeholders to gain a deeper understanding of the wishes of both the grantor and the beneficiaries. Recognizing that discussions about money can be challenging, we initiate conversations about the utility of money and the advantages of long-term planning before stakeholders participate in the survey.

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Multi-Generational Asset Management Dashboard

RELATIONSHIP

The Rogers Household

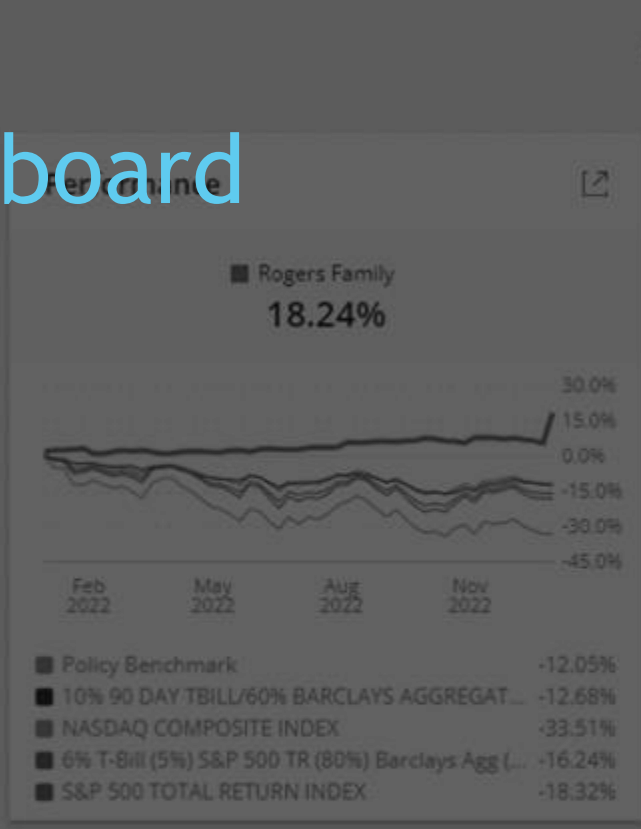
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Net Worth of \$11,490,835.28

Client Since February 2008

SPACES

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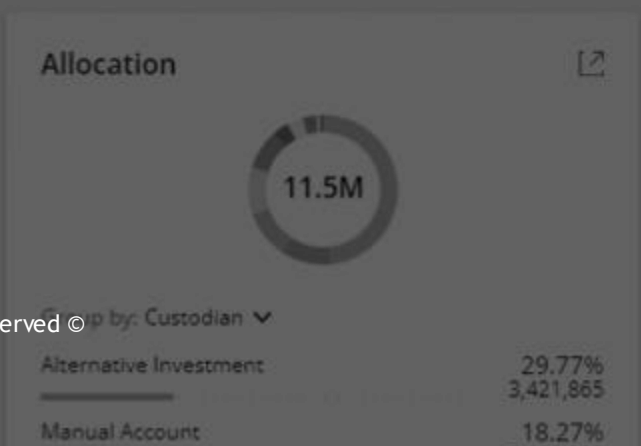
Last 12 Months as of 12/30/2022

Nitrogen

View: Current Portfolio

RISK 59 95% Probability (6 Months)

- BD Capital Partners Alliance Bernstein Manager -5... **70**
- Rogers Family Irrevocable Trust SMA Large Cap Gr... **20**
- Rogers Family Trust SMA Large Cap Core Manager ... **75**
- Caroline Rogers Individual Vanguard Group Inc. -5... **71**
- Rogers Home Deliver Wealth Management -ROGH **75**
- Wesley Rogers IRA -ount **1**



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Transactions

Filter (2)

Date	Type - Symbol	Amount
12/22/22	Management Fee-CASH	-3,719.25
12/19/22	Expense-06740KNB9	-2.09
21/13/22	Management Fee-CASH	-1,039.00
12/09/22	Management Fee-CASH	-66.07
12/09/22	Management Fee-CASH	-66.07