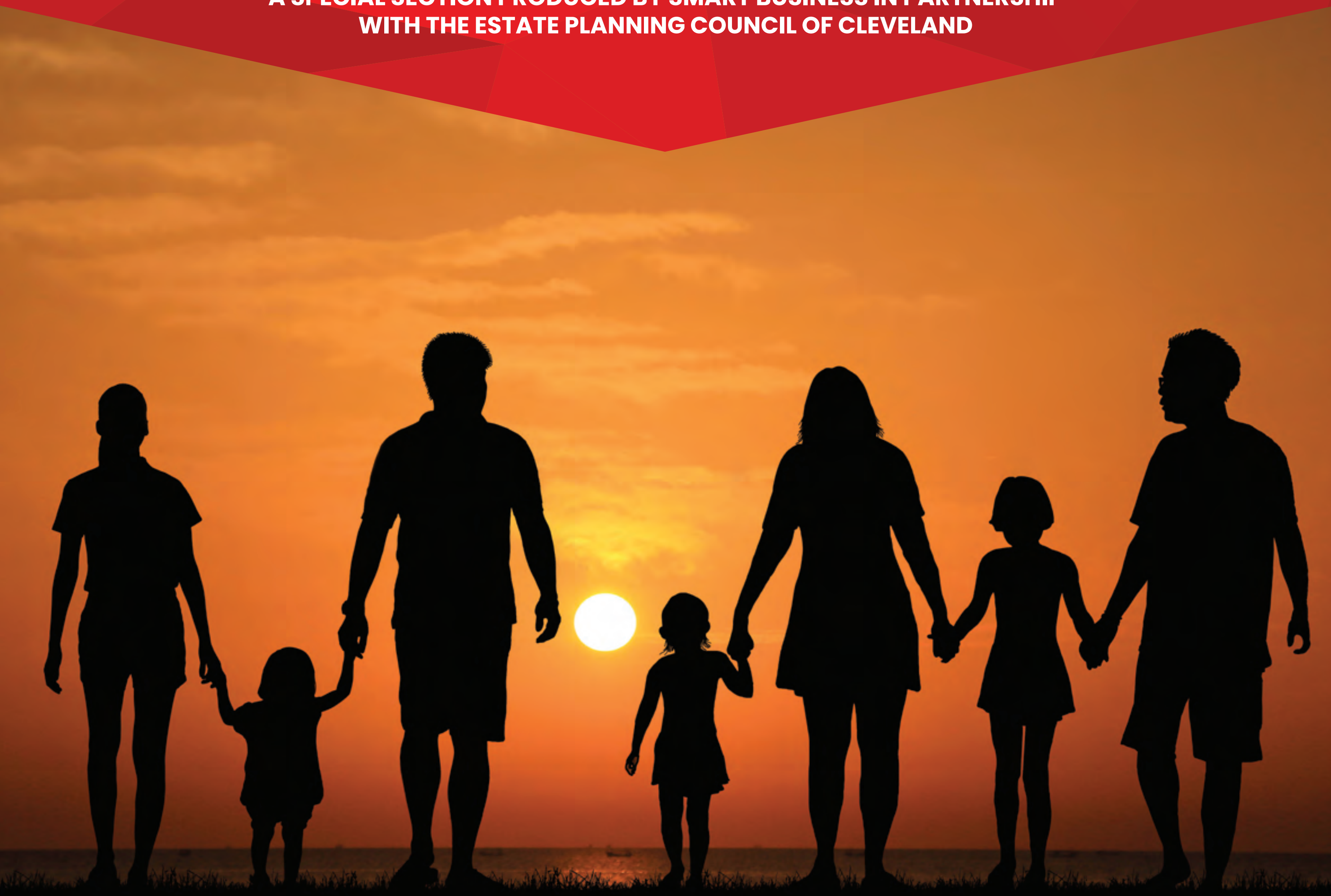
A SPECIAL SECTION PRODUCED BY SMART BUSINESS IN PARTNERSHIP WITH THE ESTATE PLANNING COUNCIL OF CLEVELAND



ESTATE PLANNING

SMART BUSINESS

SPECIAL ADVERTISING SECTION

Estate Planning Council of Cleveland

ESTATE PLANNING COUNCIL OF CLEVELAND
MEMBERSHIP DIRECTORY

EPC Cleveland is a multi-disciplinary organization of over 400 members who share a common belief that a **client is best served by the team concept of estate planning.**

Members include...

- Attorneys
- Trust Officers
- Accountants
- Insurance Professionals
- Financial Planners
- Planned Giving Professionals
- Allied Professionals

SEARCH THE MEMBERSHIP DIRECTORY USING THE QR CODE ABOVE TO FIND AN ESTATE PLANNING PROFESSIONAL

ARE YOU AN ESTATE PLANNING PROFESSIONAL?

Membership in EPC Cleveland is open to those industries listed above. Information about the council, member benefits, events, and more can be found on our website epccleveland.org.

PRESIDENT'S LETTER

Estate Planning Council of Cleveland promotes cross-disciplinary collaboration to help plan for long-term success


Kimberly E. Stein

The Estate Planning Council of Cleveland is pleased to partner with *Smart Business* to present our inaugural estate planning issue.

This publication is intended to provide the community with timely and valuable information that reflects our Council's collaborative approach to wealth planning and our mission of supporting integrated relationships among each client's team of professional advisors. The articles in this issue are authored by Council members from a variety of disciplines, including lawyers, accountants, investment advisors, planned giving professionals, and insurance advisors.

We have addressed a wide range of topics related to estate planning and wealth management. In addition to providing primers on individual topics, our intention in compiling this issue is to convey the breadth and scope of our field, and of the vital need for effective collaboration among professional advisors across disciplines. For example, lifestyle decisions drive cash flow projections and liability management, and also affect income tax planning and insurance needs. Succession planning focuses on effective transition inside a business, but also impels conversations about retirement income, charitable giving, and estate planning. These are just some examples of the connections our professionals help clients make.

Please consider taking the following steps to ensure that your planning is on track:

- Consult with your financial advisor to ensure that your investment strategy is properly tailored to your needs and objectives, and that you have an effective plan for monitoring the performance of your investment accounts.
- Confirm beneficiary designations on your life insurance and retirement accounts. This controls the disposition of your assets after you have passed away, and can carry significant tax and other consequences.
- Discuss your estate plan with a lawyer who specializes in this area. If your plan was prepared four or more years ago, it is time for a thoughtful review. Also, if your personal, family or wealth situation has evolved since you last met with your lawyer, or if you are planning a significant event such as an exit from a family business, it is a good idea to consult with him or her for potential adjustments or to discuss new planning strategies.
- Meet with your accountant at least annually to plan ahead for matters including retirement contributions, charitable giving, liquidity events, changes of domicile and other tax-sensitive issues. It is important to address these issues ahead of time.
- Review your life and long-term care strategy with your insurance advisor, with attention to both whether you have the right amount of coverage and whether your contract meets your goals and anticipated needs.

Our membership includes lawyers, certified public accountants, investment managers, financial planners, insurance advisors and planned giving professionals, all of whom can support you in this process. Our experienced members look forward to helping you navigate our ever-changing tax, economic, legislative and geopolitical environment.

Founded in the 1930s, the Estate Planning Council of Cleveland comprises over 400 wealth and transfer planning professionals in the Greater Cleveland area. The National Association of Estate Planners & Councils has recognized Cleveland as a Council of Excellence for six years in a row beginning in 2016, and as a 5-star council each year.

Our member directory can be found in this issue and on our website (www.epccleveland.org). We hope it is a useful resource as you work to plan a sound future for yourself and your loved ones. ◆

Kimberly E. Stein is a partner at Ulmer & Berne LLP and co-chairs the firm's Private Wealth group. Contact her at kstein@ulmer.com or 216.583.7476.

ESTATE PLANNING COUNCIL OF CLEVELAND 2023/2024 BOARD OF DIRECTORS

AWARDS

NAEPC
5 Star Council

ESTATE PLANNING COUNCIL OF CLEVELAND DISTINGUISHED ESTATE PLANNER 2023


Janet L. Lowder
Hickman & Lowder Co., L.P.A.

ESTATE PLANNING COUNCIL OF CLEVELAND EXCEPTIONAL SERVICE AWARD RECIPIENTS 2022


Peter Balunek
Falls Advisory Group


Jaclyn M. Vary
Calfee, Halter & Griswold LLP

CLEVELAND FOUNDATION

Exploring multigenerational philanthropy: Empowering tomorrow's philanthropic leaders

Michelle Blackford

Kristen Grabenstein

Philanthropy is a powerful tool, capable of shaping communities for the better. For families, embarking on this philanthropic journey together can be transformative, sparking discussion, strengthening relationships and imparting invaluable lessons.

When families engage in philanthropy collectively, they create space for meaningful conversations that breathe life into their core values. These conversations are more than words — they are the threads that weave tighter bonds within the family. It is an opportunity for each member to share, learn and grow.

One of the most significant gifts family philanthropy offers is the opportunity for education and personal development, especially for the next generation. Giving instills the fundamental values of empathy, compassion and responsibility. These are the seeds that will equip the next generation of philanthropic leaders to steer our communities through the challenges that lie ahead.

However, the path of family philanthropy is not without its own challenges. Each generation often brings its distinct approach to giving and navigating these generational differences can be daunting. At the Cleveland Foundation, we understand the importance of open and honest communication in overcoming these hurdles. Our team of expert philanthropic advisors is dedicated to guiding families through these vital conversations. We possess an in-depth understanding of each generation's giving preferences, enabling us to help families create giving plans that unite each family's philanthropic vision.

To get started in family philanthropy, selecting the most suitable giving vehicle is essential. For many families, a donor-advised fund (DAF) proves to be an excellent choice. This powerful tool offers tax advantages and functions as a charitable investment account. With a DAF, you can make regular contributions, watch your funds grow through investments and recommend grants to your chosen charitable organizations over time. Importantly, your fund's growth remains untaxed, ensuring that more resources reach the causes you hold dear. Donor-advised funds even allow you to name successor advisors, preserving your family's philanthropic legacy for the next generation.

When you establish a donor-advised fund at the Cleveland Foundation, you become part of a vibrant giving community. With over a century of service to the Greater Cleveland community, the Cleveland Foundation stands ready to help you and your family make a lasting impact on the causes that matter to you. Together, we hold the power to create a brighter future for all. ◆

Michelle Blackford, CFRE, Philanthropic Strategy Advisor, Cleveland Foundation. Contact: 216.615.7145 or mblackford@clevefdn.org
Kristen Grabenstein, CFRE, Philanthropic Strategy Advisor, Cleveland Foundation. Contact: 216.615.7154 or kgrabenstein@clevefdn.org

UNIVERSITY HOSPITALS

Tax-smart strategies for charitable gifting with an IRA: When planning your IRA withdrawal strategy, consider the benefits of donating to charity even if you do not itemize

As the end-of-the-year approaches, IRA and retirement plan account owners are considering how to benefit their charities and reduce taxes.

Prior to the tax overhaul of 2017, millions of Americans received key tax breaks for giving to charity. This was before the standard deduction doubled — the amount that filers deduct from their income to arrive at their total tax. With the standard deduction at $ 27,700, the number of itemized filers has dropped considerably and far fewer taxpayers itemize today. Yet, many seniors that are charitably minded have found a way to take the standard deduction and get charitable tax breaks.

Consider a taxpayer who is at least age 70½ donating from a traditional IRA directly to charity — a strategy called qualified charitable distribution (QCD). Although a QCD is not an itemized deduction, any distribution from the IRA directly to the charity is not added to adjusted gross income (AGI) and therefore not taxable. Plus, there are additional benefits of reducing AGI by using a QCD. Medicare looks at the modified AGI to determine the monthly premiums a taxpayer pays for Medicare Part B (medical insurance) and Part D (prescription drug insurance) — referred to as the IRMAA Medicare surtax. Decreasing your modified AGI may result in lower premium costs.

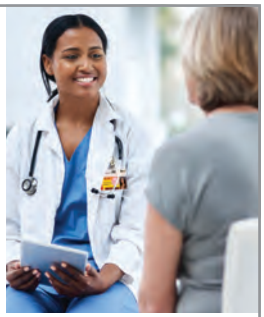
Marta Kelleher

Let's take a closer look. Using the 2023 IRMAA tables (ssa.gov), a married couple filing jointly with a modified AGI of just above $246,000 in 2021 will have a Part A and Part B premium outlay in 2023 of approximately $4,300. If this couple would have made QCDs with IRA funds in 2021, these gifts would have reduced their income below $246,000. That could have saved them approximately $1,400 in premiums.

If you are 70½ or older, you can donate up to $100,000 of your IRA funds annually ($200,000 jointly) designating as QCD and counting it towards your required minimum distribution (RMD). Instruct your IRA administrator to transfer the QCD funds directly to the 501(c)(3) charity. Please note that donor-advised funds, private foundations and supporting organizations are not qualified to accept QCDs. Complete the QCD by December 31st in order to be counted for that year's intended 1099-R reporting.

It's good practice to consult with a financial advisor or accountant to understand your individual circumstances. ◆

Marta Kelleher, Esq., AEP®, Senior Gift Planning & Strategic Collaborations Officer, University Hospitals. Contact: 216.844.7912



MAI CAPITAL MANAGEMENT

Alternative ways to leave a legacy

Charitable giving is a positive way to align your financial strategies with your family's values, and to show gratitude for the communities in which you work and live. Part of strategizing may be choosing an alternative vehicle to direct giving, which includes donor-advised funds and private foundations. Both provide tax efficient ways to make charitable donations, especially when contributing highly appreciated property and aligning donations with income.

Donor-Advised Funds versus Private Foundations

A donor-advised fund (DAF) is a giving account established by a donor that is administered by a public charity. Donors can recommend grants and the approval rests with the DAF sponsor.

A private foundation (PF) is a nonprofit charitable entity created and controlled by the donor who must ensure that the PF abides by IRS regulations to maintain its nonprofit status and receive tax benefits.

Marla Petti

What are the benefits of a Donor-Advised Fund?

Many DAFs are created with no initial cost and involve low administrative costs. Donors also enjoy tax deductions on amounts up to 60 percent of their adjusted gross income, and donations exceeding AGI limits can be carried over to subsequent tax years for a period of five years. Details of a DAF can also be kept completely private.

What are the advantages of a Private Foundation?

One of the biggest benefits of a PF is the amount of donor control. While DAF donors often have advisory privileges, a PF provides for greater control over investments, grants, and governance. It is a great vehicle to create a family legacy and inspire future generations.

Which option is best for you?

Many factors impact making the best decision for a donor. Consider the level of donation — if it is less than millions, a donor-advised fund may be the best fit. If you value family involvement, a private foundation allows for more control but does come with more complexity and a higher administrative burden. Discussing the options available with an experienced and trusted advisor will allow you to make the best, most financially responsible decision for you and your family. ◆

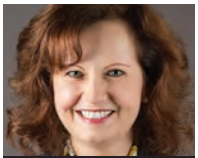
The opinions herein are subject to change at any time. Any suggestions contained herein are general and do not take into account specific circumstances or applicable governing laws. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice. Consult a professional prior to acting on the information set forth herein.

Marla Petti, Senior Wealth Advisor & Team Leader, Managing Director, MAI Capital Management. Contact: 216.920.4800 or marla.petti@mai.capital

GIRL SCOUTS OF NORTH EAST OHIO

Charitable gift annuities: An investment for the future with benefits for today

If you have ever thought about how you can make a positive impact on the future and at the same time receive benefits for yourself or your designated beneficiary, then a charitable gift annuity might be the right planned giving vehicle for you. Charitable gift annuities have been in existence for over 100 years and are one of the most popular gifting vehicles. With a charitable gift annuity, you make a gift agreement with a nonprofit organization that in turn allows you or your beneficiary to receive a fixed income stream for life. In addition, you receive a tax deduction when you make the gift. This is a simple contract that provides fixed, regular income for the rest of your life, regardless of swings in the stock market.



Julie Weagraff

Gift annuities are a great tool to sensibly increase income and reduce taxes while ultimately helping to support a worthy cause. This simple combination of financial stewardship and smart tax planning can provide you with an easy way to increase your lifetime income without exposure to declining interest rates. Gift annuity contracts are easy to facilitate and do not require changes to your trust or estate plan. In addition to attractive, fixed payments based on age at the time of the gift, gift annuities can provide you with a substantial income tax deduction. Part of the annual income will also be exempt from income tax. You can choose to receive payments monthly, quarterly, semiannually or annually. Gift annuities can be established for you, for you and your spouse, or for one or two other people, such as a child or another loved one. If you hold low or non-income-generating securities, or even real estate, and want to increase your annual income, a charitable gift annuity may be ideal. Donations using appreciated property have the added benefit of avoiding significant capital gains tax that might otherwise be due if you sold the property. Payments cannot be lowered, canceled, delayed or suspended, regardless of the stock market or the national economy. Your rate of payment on a particular gift annuity agreement will never change.

Your gift passes to the nonprofit organization at the end of your lifetime, and can be used to support general operating purposes, a specific program or designation, or can be used to establish a permanent endowed fund that will benefit the organization in perpetuity. ◆

Julie Weagraff, MNO, CFRE, Chief Development Officer, Girl Scouts of North East Ohio. Contact: 330.983.0399 or jweagraff@gsneo.org

BUCKINGHAM, DOOLITTLE & BURROUGHS, LLC

Modernizing an outmoded irrevocable trust

What can you do when changing circumstances and new laws make an irrevocable trust ineffective, counterproductive, or even obsolete? More than you might think.

When drafting trusts for our clients, we try our best to build flexibility into irrevocable trusts, but we do not know the future. We cannot predict what will happen with the family (especially over multiple generations) or how the laws will change over time. The Ohio Trust Code (OTC) provides options to update irrevocable trusts.

There are multiple methods for modifying an irrevocable trust in Ohio. The specific facts and circumstances of your family and the terms of your trust will determine which method may be the best fit.

Some trusts include language that designates someone as a trust protector or trust advisor, and gives this person the power to amend the trust under certain circumstances.

Michael L. Wear

In that case, the trust protector or trust advisor may amend the trust. A common law settlement agreement can be used to amend trust terms if all of the parties agree, including changes to how the assets will be distributed, or possibly an early trust termination with court approval. The OTC provides for Private Settlement Agreements (PSAs) that permit trust amendments to comply with new tax laws, to change administrative provisions to make the trust more effective, and even to change the lineup of successor trustees. The OTC also permits a trustee to create an entirely new trust agreement (with more favorable terms) and transfer the assets of the old trust to the new trust, sometimes referred to as trust decanting. Another option is judicial modification or termination of the trust. The trustee or a beneficiary may bring a declaratory judgment action in the county probate court to obtain judicial approval of a trust modification or termination.

While Ohio law provides multiple ways to amend an irrevocable trust, it is not always easy. The trust protector may not want to amend the trust. It may be difficult to get all parties to agree. A court may find the amendment is contrary to the trust purpose. Even so, it may be time to explore your options to modernize that outmoded irrevocable trust. Contact your team of advisors to find out what you can do. ◆

Michael L. Wear, AEP®, Trusts & Estates partner, Buckingham, Doolittle & Burroughs, LLC. Contact: 330.258.6424 or mwear@bdblaw.com

KIKO REALTORS, AUCTIONEERS & ADVISORS

How businesses can value and sell unique items

How often does your business value its inventory and sell unused assets? Determining the best way to price and sell unique items, including specialized manufacturing equipment, industrial vehicles, and even real estate, can be a time-consuming task.

You can consult with professionals experienced in selling unique assets. Additional best practices include:

- Gather information about the items, including history, provenance, condition and any unique features.
- Collect all relevant documents, such as title deeds, certificates of authenticity and maintenance history. These documents provide confidence and transparency to potential buyers.
- Hire a professional appraiser experienced in valuing your specific type of asset. They will assess its condition and demand to determine an estimated value.

Sarah McIntosh

Today, many business owners use auctions to liquidate unused equipment and inventory.

Auctions are the perfect tool for liquidating unused inventory, such as shop equipment and tools, commercial trucks, warehouse equipment, office furniture, retail displays, and more. Auctions let buyers determine the true market value of assets through competitive bidding.

The auction method of marketing involves using a concentrated campaign to target the right bidders, and generate significant publicity and exposure for the items being sold. This broader reach increases the chances of finding the right buyer who's willing to pay a premium for unique items.

Division of interest

When a situation arises where there is a division of interest, such as a partnership dissolution or the closing of a family business, auctions also provide a transparent platform where interested parties can view and even participate in the bidding process. This transparency instills trust in the transaction, as buyers and interested parties can witness the fair and competitive nature of the auction, ensuring a more reliable sale.

Today, many sellers of commercial properties, businesses and commercial/industrial assets turn to auction as a first choice when selling.

Auction firms will complete a full inventory of the assets. The assets are organized, cataloged, and presented to their best potential. Customers appreciate an auction that is displayed in an organized manner with a comprehensive sale catalog to provide an easy bidding experience.

There are benefits to working with auction advisors who specialize in estates and division of interest. The selling process can vary depending on the specific asset and market conditions. Engaging experts like KIKO in each step can help ensure a smooth and successful sale. ◆

Sarah McIntosh, Director of Business Development, KIKO Realtors, Auctioneers & Advisors. Contact: 330.705.2803 or smcintosh@kikocompany.com

MCDONALD HOPKINS, LLC

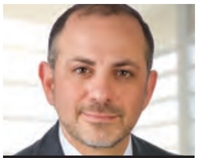
Trust litigation and cross-state issues

With families often spread throughout the country, it's become important to navigate family dynamics using multi-state, federal and tax laws. Even a well-drafted estate plan may no longer fit a family's needs due to a move, a marriage or changes in charitable intent.

For example, Charlie, an Ohio resident, died in 1968, leaving his business to his daughter, Seraphina. Seraphina, who lived in Montana and had sold a portion of the business, dies in 2023, leaving behind a non-citizen spouse, nieces and nephews, and a passion for contributing to the community.

During the estate administration in Montana, the new attorney realizes the provisions of the trust drafted in Montana do not provide a marital deduction for estate tax purposes, one of the named charities has dissolved, and there are many types of assets and beneficiaries. The trustee is located in Ohio, as is the business and most of the beneficiaries. After discussion, the attorneys decide it's appropriate to apply Ohio law.

Kate Wensink



Franklin Malemud

While most estate planning attorneys work to avoid court, sometimes it is necessary. Estate planning and trust litigation attorneys working together can assist families navigating cross-state and tax issues while working to maintain family harmony.

A litigation attorney brings not only knowledge of the court and the appropriate court filings, but creativity to problem-solve where there is no blueprint. Under the tax law, a federal tax return is due nine months after the date of death, with a six-month extension. Cognizant of this, and of how probate and surrogate courts work, a litigation attorney may suggest different types of filings to keep things moving and to bring finality that is immune to collateral or later challenges.

With Seraphina's complicated family and charitable intent, the cross-state and cross-discipline attorneys are able to work together to develop a holistic approach to ensure Seraphina's wishes are met in accordance with both state law and the tax code. ◆

Kate Wensink, Member, McDonald Hopkins LLC. Contact: 216.348.5729 or kwensink@mcdonaldhopkins.com
Franklin Malemud, Member; Chair, Trust And Estate Litigation, McDonald Hopkins LLC. Contact: 216.348.5808 or fmalemud@mcdonaldhopkins.com

ULMER & BERNE LLP

Global gridwork: Basic concepts in international estate planning

For American clients with international ties — whether they be international citizenships, residences or simply international assets — the complexities of international estate planning can be daunting. However, advisors who are familiar with fundamental concepts are better equipped to help clients navigate these issues.

Domicile vs. residence

Domicile refers to a client's permanent legal home, where he or she intends to return even if living abroad. Residence, on the other hand, is where the client currently lives. Domicile plays a crucial role in determining which country's laws will govern a client's estate plan, so it is essential to establish and maintain clear documentation of domicile.

Coordination of local experts

Different countries have varying laws and regulations regarding estate planning, taxation and inheritance, and the interplay between

Abbie Pappas

those laws can be overwhelming. It is essential to work with a team of experts who specialize in international estate planning to ensure that a client's plan is compliant with the laws of each relevant jurisdiction. Attorneys, accountants and financial advisors should coordinate with their counterparts in other countries to create a comprehensive plan that protects the client's assets. These advisors can also assist clients in navigating relevant tax treaties, and taking advantage of applicable foreign tax credits and exemptions.

Estate and inheritance taxes

There are varying thresholds for triggering estate or inheritance taxes based on different jurisdictions, and varying rules regarding which assets are subject to estate taxes. In the U.S., a deceased citizen's worldwide estate is generally considered part of the gross estate for estate tax purposes, but this is not true in all countries. Understanding the rules and exemptions wherever a client holds assets, and consulting with competent local counsel as needed, is crucial to minimizing a client's estate tax liability.

Use of trusts

Trusts can be a valuable tool in international estate planning as they can help protect a client's assets from multiple tax jurisdictions, ensure beneficiaries receive their inheritances as intended, and provide for professional management of assets if a client becomes incapacitated. On one hand, establishing certain types of trusts under U.S. tax law, such as foreign grantor trusts or qualified domestic trusts, can help clients achieve their U.S. estate planning goals effectively. However, clients and advisors must also be wary that many jurisdictions do not respect trusts as entities in the same way that the U.S. tax system does. ◆

Abbie Pappas, Counsel, Ulmer & Berne LLP. Contact: 216.583.7230 or apappas@ulmer.com

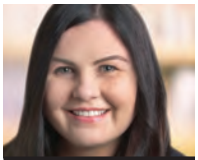
HAHN LOESER & PARKS LLP

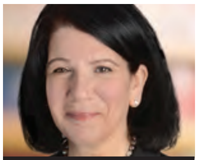
Ohio postnuptial agreements and estate planning

Effective March 23, 2023, Ohio joined 48 other states in allowing married couples to enter into postnuptial agreements. Postnuptial and prenuptial agreements are similar, except a prenuptial agreement is entered into by a couple prior to and in contemplation of marriage, and a postnuptial agreement is entered into after marriage. Both types of agreements establish each spouse's financial rights and obligations in the event of death or divorce.

Prior to the enactment of this legislation, Ohio allowed prenuptial agreements but disregarded postnuptial agreements as against public policy. Ohio now allows married couples to:

1) Enter into an agreement altering their legal relationship with each other.
2) Terminate or modify an existing prenuptial agreement, postnuptial agreement or any other agreement that alters the legal relationship.
3) Agree to an immediate separation and provide for support and division of property, including support for either spouse and their children during the separation.


Dana DeCapite


Cyndi Port

The new statute further requires that the terms of a postnuptial agreement are:

1) In writing and signed by both spouses.
2) Entered into freely without fraud, duress, coercion or overreach.
3) Entered into with full disclosure, or full knowledge, and understanding of the nature, value and extent of the property of both spouses.
4) Not promoting or encouraging divorce or profiteering from divorce.

If any of these requirements are missing from a postnuptial agreement, the agreement is vulnerable to dispute and nullification.

As an impactful estate planning tool, postnuptial agreements allow spouses and their heirs certainty and control over the disposition of assets upon death by specifying certain assets to be marital or separate property. For example, if a husband inherits a valuable antique watch collection from a distant relative, or a wife inherits a painting of considerable sentimental and financial worth, a postnuptial agreement can outline future ownership of those assets which might otherwise be marital property.

For blended families with joint children and/or prior children, each spouse may be concerned that prior children will inherit less than or differently than intended. A postnuptial agreement can provide assurances that both the surviving spouse and children will receive the intended inheritance.

Ultimately, the implementation of a postnuptial agreement as part of an estate plan can achieve marital financial objectives, clarify otherwise-ambiguous intentions, and mitigate conflict and potential litigation. ◆

Dana DeCapite, Partner, Hahn Loeser & Parks LLP. Contact: 216.274.2465 or ddecapite@hahnlaw.com
Cyndi Port, Of Counsel, Hahn Loeser & Parks LLP. Contact: 216.274.2307 or cport@hahnlaw.com

FIFTH THIRD BANK

Selecting a trustee: Key considerations

Trusts have been part of the estate planning conversation for over a thousand years and have become the primary estate planning vehicle in use today. The trustee is charged with certain duties relative to their role. While being nominated may be an honor, being a trustee carries risks and responsibilities.

Loyalty to the trust's beneficiaries is a fundamental duty. A trustee must avoid placing themselves in a position where they would benefit from an administrative action at the expense of the beneficiaries.

A trustee must also demonstrate impartiality by administering the trust in a fair and reasonable manner that is unbiased with respect to the often-competing interests of all beneficiaries.

Balancing current "income" beneficiaries pushing to skew the portfolio toward income-producing investments at the sacrifice of more growth-oriented holdings, which would be advantageous for remainder beneficiaries, can be challenging.

Dina Anzevino

All qualified beneficiaries are entitled to information sufficient to allow them to be reasonably informed of the administration of the trust and all material facts necessary to protect their respective interests. It is the trustee's duty to furnish that information in a confidential manner.

Rendering a clear and accurate account at reasonable intervals — at least annually — is critical.

The trustee must take control of all property belonging to the trust and preserve it. With real property, a trustee is tasked with maintenance, repairs, taxes, insurance, etc. While a trustee must preserve the property, there is no duty to improve it.

The risks and responsibilities of being a trustee are complex. Those who lack knowledge, expertise and experience of being a trustee may struggle to fulfill their duties. ◆

Fifth Third Bank does not provide tax, accounting or legal advice. Please contact your tax advisor, accountant or attorney for advice pertinent to your personal situation. This commentary is intended for educational purposes only and does not constitute the rendering of investment advice or a specific recommendation on investment activities or trading. Fifth Third Private Bank is a division of Fifth Third Bank, National Association, which is an indirect subsidiary of Fifth Third Bancorp. Banking, investment and insurance products and services are offered through or made available by one or more of Fifth Third Bancorp's indirect subsidiaries.

Investments, investment services, and insurance: Are Not FDIC Insured | Offer No Bank Guarantee | May Lose Value | Are Not Insured By Any Federal Government Agency | Are Not A Deposit Insurance products made available through Fifth Third Insurance Agency, Inc.

Dina Anzevino, Private Bank Director, Fifth Third Bank. Contact: 216.274.5401 or dina.anzevino@53.com

SEQUOIA FINANCIAL GROUP/LONG ROAD RISK MANAGEMENT SERVICES

Financial plans uncover a new purpose for your old insurance policy

Have you ever discovered your basement has become the landing spot for many household items, and you've taken on the task of cleaning it? It is often a shock to see how much accumulates over time. Perhaps more challenging is the decision of what to do with these once-useful things. After reflecting on vaguely familiar items, the internal dialog begins: "This seemed important to purchase, but do I still need it? Maybe I should dust this off and use it again. Maybe it's junk. Should I throw it away and move on? Could I sell it?"

When it comes to life insurance, many of us have a similar experience. We often buy a policy as income replacement earlier in life to cover the risk of premature loss. Then, time passes, wealth accumulates, life changes and old risks are diminished while new priorities appear. Meanwhile, premium bills keep coming due and uncertainty grows around whether those policies still fit within your financial puzzle. Perhaps today's priorities are covering the risk of long-term care, increasing tax-deferred

Laura Kiick

Tom Trowbridge

savings, charitable goals or legacy planning. Existing policies can often be repurposed to address these concerns, but commonly, life insurance is a transactional purchase, leaving us to forget about revisiting its purpose.

There is an answer. A comprehensive financial plan provides a framework to evaluate how your future may differ from today and helps uncover the role insurance serves in protecting your evolving goals by incorporating topics such as your family's lifestyle, saving tax-efficiently, solving for an investment strategy and aligning asset titling with your estate plan. A CERTIFIED FINANCIAL PLANNER™ who prioritizes these topics can create a financial plan to reveal alternatives for your existing insurance products, consider potential tax consequences for those alternatives and collaborate with your insurance specialist to identify the ideal product for you.

Your existing insurance policy may offer a path to achieve your evolving goals. Ask your CERTIFIED FINANCIAL PLANNER™ to build a financial plan, partner with an insurance specialist and discuss how your existing policies best fit into your future. ◆

CFP Board owns the marks CFP® and CERTIFIED FINANCIAL PLANNER™ in the U.S.

This material is for informational purposes only and does not serve as a substitute for personalized investment advice. Tax and estate planning preparation is done by a 3rd party and not SFA. Investment advisory services offered by Sequoia Financial Advisors, LLC, an SEC Registered Investment Advisor. Registration as an investment advisor does not imply a certain level of skill or training.

Laura Kiick, CFP®, CRPC®, Wealth Advisor, Sequoia Financial Group. Contact: 330.255.2138 or lkiick@sequoia-financial.com
Tom Trowbridge, Managing Director, Long Road Risk Management Services, LLC. Contact: 330.754.3138 or ttrowbridge@longroadrm.com

EISNER GOHN GROUP

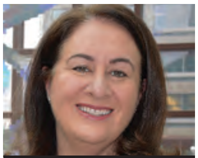
What assurance insurance do you have for you, your business and team members?

Your business may be your biggest asset, it may also be your most illiquid one. Using life insurance contracts to protect you, the business and your most important team members is an often-overlooked tool.

Life insurance on the business owner can provide immediate liquidity to the family, avoiding the proverbial "fire sale." Cash value life insurance can grow tax-deferred, can be accessed tax-free* and is creditor protected in many states, including Ohio.

Business owners know firsthand that the loss of a key employee can have a detrimental impact on your business. Employees generally leave for one of three reasons: choice, disability or death. While life insurance cannot help someone choosing to leave, it can help with retention or death.

Life insurance can be a tool to help incentivize top team members to stay.



Elaine Eisner

"Golden handcuffs," or formally titled deferred compensation plans, are powerful tools to accomplish this goal. These plans allow the business to provide retirement income to select employees. The business may not want or be able to set aside a reserve fund to which a participant has a vested right. A life insurance policy is uniquely suited to informally finance a deferred compensation plan.

An executive bonus arrangement can help important team members own life insurance at little to no cost. The company can bonus the cost of the premiums as reasonable compensation, deduct those premiums and the employee owns cash value life insurance with all of its tax advantages. This is not as restrictive as deferred compensation but still a valuable strategy.

Key person insurance provides tax-free funds to help against the economic losses the business may face when a key employee passes.

Taking the time to review your insurance plan to assure that you have the right tools in place is essential to minimize your risks, maintain an easy transition if a business owner passes to fund any buy/sell agreements and help retain your most valuable assets. ◆

**Loans against your policy accrue interest and decrease the death benefit and available cash surrender value by the amount of the outstanding loan and interest. Accessing cash value will reduce the available cash surrender value and death benefit. This article is for informational purposes only. Eisner Gohn Group LLC does not provide tax, legal or accounting advice.*

Elaine Eisner J.D., RICP®, Eisner Gohn Group LLC Contact: 216.378.4500 or elaine@eisnergohngroup.com

PEASE BELL

Gift now to preserve family wealth

Alex Kuzmik

Gifting allows you to transfer wealth to your loved ones during your lifetime, enabling them to enjoy financial security. By taking advantage of the tax exclusion for gifts, you can ensure that your family's financial future is safeguarded.

The Tax Cuts and Jobs Act of 2017 (TCJA) effectively doubled the gift and estate tax exclusion and generation-skipping transfer tax exclusion, allowing individuals to gift without owing gift tax. By gifting assets, you can reduce the size of your taxable estate, potentially lowering the estate tax your estate will have to pay upon your death. This is crucial if you have a substantial estate that could be subject to estate tax.

As of 2023, the lifetime gift and estate tax exclusion stands at $12.92 million per person. This exclusion is projected to increase to $13.61 million per person in 2024. However, come January 1, 2026, the exclusion is set to decrease by nearly 50 percent, settling at approximately $7 million per person. Given this reduction, it is prudent to gift between now and 2026 to take advantage of the higher exclusion.

But not all gifts are created equal. When deciding what to gift before January 1, 2026, consider the basis of the assets being transferred. Think of the basis as a figurative apple — the Internal Revenue Service (IRS) only takes a single "bite" of it. For example, suppose you purchased a house in 1992 for $200,000 using income from your paycheck, which was subject to tax withholdings. Over time, the house's value has appreciated, and it's now valued at $1 million. When you sell the house, you'll be liable for taxes on $800,000 of the gain since the IRS has already taken a "bite" of the initial $200,000 investment.

However, when an asset goes through probate, it gets a "basis step-up." Using the same house example, let's say you paid $200,000 for the house and lived in it for the rest of your life. When the house becomes a part of your estate, your heirs can sell the house for $1 million, and they will not be expected to pay tax on the $800,000 gain because the house received a "basis step-up" to the fair market value.

Deciding what to gift can be a balancing act, but by planning ahead and consulting with tax professionals you can make the most of the current gift tax exclusion and secure your family's financial future. ◆

Alex Kuzmik, J.D., Tax Associate, Pease Bell. Contact: 330.666.4199 or akuzmik@peasebell.com

TUCKER ELLIS

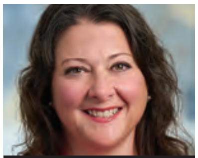
Corporate Transparency Act – are you ready?

Starting January 1, 2024, the Corporate Transparency Act (CTA), requires millions of corporations, limited liability companies, and other entities formed in or doing business in the U.S. to disclose to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury details identifying the "Beneficial Owners" of those entities.

The rules governing the reporting requirements are complex and require thorough analysis by each entity to determine if it must comply. For example, certain large operating entities, as defined by the rules, are exempt from the reporting requirements. The rules also exempt certain other categories of entities, most of which are otherwise regulated or subject to oversight.

Reportable Beneficial Owners are those individuals who:

1) Directly or indirectly own or control 25 percent or more of the ownership of the company.
2) Directly or indirectly exercise substantial control over the reporting company.


Erica E. McGregor


Rachel L. Emerson

The report must include name, residence address, and a photo ID. Reports are to be filed electronically and are intended to be available only to law enforcement agencies.

Ownership in an entity can occur as a result of any contract, arrangements, understanding, relationship or otherwise including joint ownership, ownership through an intermediary entity, through another such as an agent, nominee, or custodian. A Beneficial Owner can include an individual serving in a fiduciary capacity, such as a trustee of a trust that owns an interest in the entity. If the entity has affiliates with different ownership, analysis must be made at each level as there is an aggregation of the interests to determine if any one exceeds the 25 percent ownership threshold.

Individuals with substantial control include certain senior officers, those with power to appoint or remove senior officers, and those who direct or have substantial influence over important company decisions. The determination of which individuals exert substantial control is fact-specific and subjective. There may be unexpected results as to the number and the identity of "Beneficial Owners" to be reported.

Reporting requirements begin January 1, 2024, for entities formed on or after that date. Reporting companies formed prior to January 1, 2024, must report no later than January 1, 2025. Updated reports are required when the Beneficial Ownership information changes. There are civil and criminal penalties for non-compliance with the reporting requirements.

Each entity should review the requirements to determine first if it is subject to reporting, and if so, which individuals are Beneficial Owners. ◆

Erica E. McGregor, Partner, Tucker Ellis. Contact: 216.696.4224 or erica.mcgregor@tuckerellis.com
Rachel L. Emerson, Associate, Tucker Ellis. Contact: 216.696.4274 or rachel.emerson@tuckerellis.com

HW&CO. CPAS & ADVISORS

Beneficiary designation for retirement and succession planning

In financial planning, beneficiary designations are not just paperwork but critical retirement and succession planning components. For many clients, particularly those in the health care, manufacturing, and nonprofit sectors, understanding and strategizing around beneficiary designations can significantly impact their long-term financial security and the smooth transition of their assets.

The basics of beneficiary designation

A beneficiary designation is a legal document determining who will receive your retirement account assets when you pass away. These assets often include retirement plans like 401(k)s, IRAs and life insurance policies. Choosing the proper beneficiaries and keeping these designations up-to-date is pivotal.

Why it matters

When a retirement account holder passes away, the designated beneficiaries typically inherit the assets directly. This avoids the probate process,


Mary Eileen Vitale

making the transfer faster and more efficient. Beneficiary designations can have significant tax consequences, and choosing beneficiaries wisely can help minimize tax liabilities for both the account holder and the beneficiaries. Additionally, the correct beneficiary designations can be pivotal in succession planning for business owners. Ensuring that your business interests are passed on smoothly and according to your wishes is a crucial aspect of long-term planning.

Critical considerations for beneficiary designation

1) **Primary and contingent beneficiaries:** It's crucial to designate both primary and contingent beneficiaries. Primary beneficiaries are the first in line to receive the assets. Contingent beneficiaries inherit if the primary beneficiaries are deceased. This dual designation ensures a backup plan in case of unforeseen circumstances.
2) **Spousal considerations:** Married clients often choose their spouse as the primary beneficiary due to certain advantages, such as spousal rollovers. However, planning for contingencies is essential if both spouses pass away simultaneously.
3) **Minor beneficiaries:** If you intend to name a minor as a beneficiary, it's advisable to establish a trust or custodial account to manage the assets until the minor reaches the age of majority.
4) **Charitable beneficiaries:** Founding members of tax-exempt organizations should consider naming their organization as a beneficiary in order to support the mission of their cause even after they are gone.

Circumstances change — from marriages and divorces to births and deaths. Regularly reviewing and updating beneficiary designations ensures they align with your current wishes. Financial and legal professionals can help navigate the intricacies of your specific situation, ensuring that your retirement and succession plans are well-structured and meet your objectives. ◆

Mary Eileen Vitale, CPA, CFP®, AEP®, Principal, HW&Co. CPAs & Advisors. Contact: 216.378.7210 or maryeileen.vitale@hwco.cpa

BARNES WENDLING CPAs

To sell or not to sell: Is a business sale needed to generate liquidity or can IRC Section 6166 save the day?

With changes to the Estate Tax Rules, effective Jan. 1, 2026, many owners of closely held businesses will face serious real value and liquidity issues. With the new rule, the estate tax exemption threshold drops from $12.92 million to less than half that amount.

Should business owners sell their company to generate the needed liquidity to cover the estate tax? Or can IRC Section 6166 save the day?

IRC Section 6166

Under IRC Section 6166, if a closely held business in a decedent's estate makes up more than 35 percent of the adjusted gross estate, the estate can defer payments for four years by paying interest only. Then, estate tax payments can be made in equal installments over 10 years.

This can be helpful to business owners; however, there are very strict rules to meet

Floyd A. Trouten, III

the requirements for this deferral. There is much to consider:

- The company will be paying two sets of taxes: normal income tax and deferred estate tax.
- The IRS will have a "tax lien" against the business assets. An alternative would be a bond, but normal banking is greatly impaired.
- Does it impede the company from normal succession planning?
- If sold, will the value of the business be reduced? Deferred estate tax is due immediately.
- Interest payments are not deductible for income or estate tax. The deferral interest rate is only 2 percent, and the installment interest rate will fluctuate.
- Does the business meet the 35 percent threshold?

Benefits of a company sale

Selling a company or a portion of it can provide many benefits to owners and their heirs. A sale can:

- Maximize value and provide liquidity.
- Make available "dry powder" to buy other businesses.
- Allow for preparation time to sell and increase the ability to get your "number."
- Help diversify your personal finances.
- Provide an opportunity to attract more talent.
- Allow for favorable capital gain rates.

A partial sale allows company owners to stay involved but not be tethered to the business. It also provides an opportunity to bring in critical key managers to serve as equity owners.

After considering the potential estate tax cost, IRC Section 6166 can help maintain closely held ownership and a sale can provide longer-term lifestyle and financial benefits. ◆

Floyd A. Trouten, III, CPA, Director, Barnes Wendling CPAs. Contact: 216.566.9000 or fat@barneswendling.com