R360

Be.Go.Do.

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LEGACY PLANNING

Connecting the Dots Using Data Analytics

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R360 Survey Results

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QUESTIONS	Yes	No	N/A
Have you updated your estate plan within the last 3 years?	85.0%	9.0%	6.0%
Do your spouse and children know all the details about your estate plan?	41.9%	54.8%	3.2%
If you and/or your spouse were to pass away, do you have a good estimate of how much will go to your heirs and charities and how much will be paid in taxes?	77.4%	22.6%	
Would you like more information about the concept of lifetime versus legacy capital?	83.9%	16.1%	
Do you know what your liquidity is relative to your tax exposure?	74.2%	25.8%	
If you were to pass away or become incapacitated, are your estate planning documents easily accessible to your spouse and heirs?	87.1%	12.9%	
Do your spouse and heirs know (or could they get access to) your password-protected computer and accounts?	54.8%	45.2%	
If you run an operating business, do you have an updated succession plan?	38.7%	35.5%	25.8%

"Traditional" Legacy Planning

- Flawed
- No specific goals identified
  - Success cannot be defined
  - Plan cannot be benchmarked

You can't hit a target you can't see

- Time for outcome driven legacy management
- What do you want to accomplish?

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Doe Legacy Dashboard

John and Jane Doe

A. NET WORTH AND EST. ESTATE TAX LIABILITY (12/31/18)

- Combined Personal Net Worth — $86,238,458
- Total Legacy as of December 31, 2018 — $118,291,891
- Est. Federal and State Estate Tax Exposure — $28,031,383
- Est. Liquidity — $47,950,000

B. NET TO SPOUSE/DESCENDANTS UNDER LEGACY PLAN

- Total Available to Spouse — $86,238,458
- Total to Descendants — $80,260,508
  - Total to Carrie — $43,680,503
  - Total to David — $36,580,003

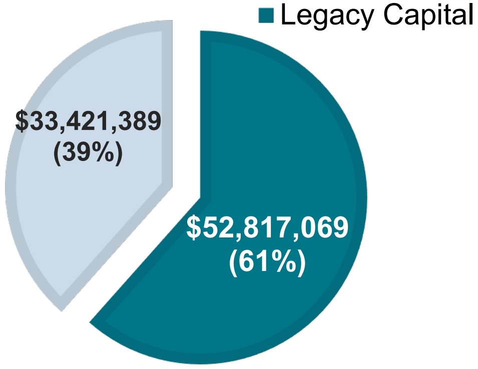
C. EST. ESTATE TAX SAVINGS FROM ADVANCED PLAN — $12,821,373

- Terminated GRATs
  - Total Aggregated Payments — $4,752,933
- John Doe 2013 Irrevocable Trust
  - Trust Value — $5,100,000
- Doe Family 2015 Irrevocable Trust
  - Trust Value — $12,200,500
- Doe Family Foundation
  - Current Value — $10,000,000

D. PROJECTIONS TO JOINT & SURVIVOR LIFE EXPECTANCY (JSLE)

- Projected Annual Expenditures — $1,500,000
- Projected Assets to Sustain to JSLE of 28 Years — $33,421,389
- Legacy Assets Available for Planning — $52,817,069
- Projected Net Worth to JSLE — $158,382,720
- Projected Est. Tax Exposure — $59,687,571

LIFESTYLE VS. LEGACY CAPITAL
CURRENT NET WORTH $86,238,458



E. AVAILABLE TRANSFER TAX EXEMPTIONS

- John — $8,080,000
- Jane — $8,080,000

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Comprehensive Legacy Plan
John and Jane Doe

Total Legacy: $118,291,891

Values as of 12-31-2018

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Will

Revocable Trust
$46,836,450

John Doe GRATs - Terminated
$4,752,933

Doe Family 2015 Irrevocable Trust
$12,200,500

John Doe 2013 Irrevocable Trust
$5,100,000

Doe Family Foundation
$10,000,000

John's Passing

Family Trust
$8,080,000

GST Exempt
Marital Trust
$0

Non-Exempt
Marital Trust
$38,756,450

Jane's Separate Assets,
Life Insurance,
Retirement, & Joint Assets
$39,402,008

Jane's Passing

Estate Taxes: $28,031,383

Descendants'
Lifetime GST
Exempt Trusts
$16,160,000

Descendants'
Lifetime Non-Exempt
Trusts
$42,047,075

Assets to Descendants

	GST	David	Carrie	TOTAL
Doe Family 2015 Irrv Trust	Exempt	$0	$12,200,500	$12,200,500
John Doe 2013 Irrv Trust	Exempt	$5,100,000	$0	$5,100,000
Descendants' Lifetime GST Exempt Trusts	Exempt	$8,080,000	$8,080,000	$16,160,000
Descendants' Lifetime Non- Exempt	Non-Exempt	$21,023,537	$21,023,537	$42,047,075
Terminated GRATS	Non-Exempt	$2,376,466	$2,376,466	$4,752,933
Total	-	$36,580,003	$43,680,503	$80,260,506

Assets Available to Jane: $86,238,458

Benefit of Legacy Planning

Transfer Tax Savings: $10,341,373

Total Legacy: $118,291,891
Tax Liability Before Planning: $38,372,756
Tax Liability After Planning: $28,031,383
Net Legacy Before Planning: $79,919,135
Net Legacy After Planning: $90,260,508

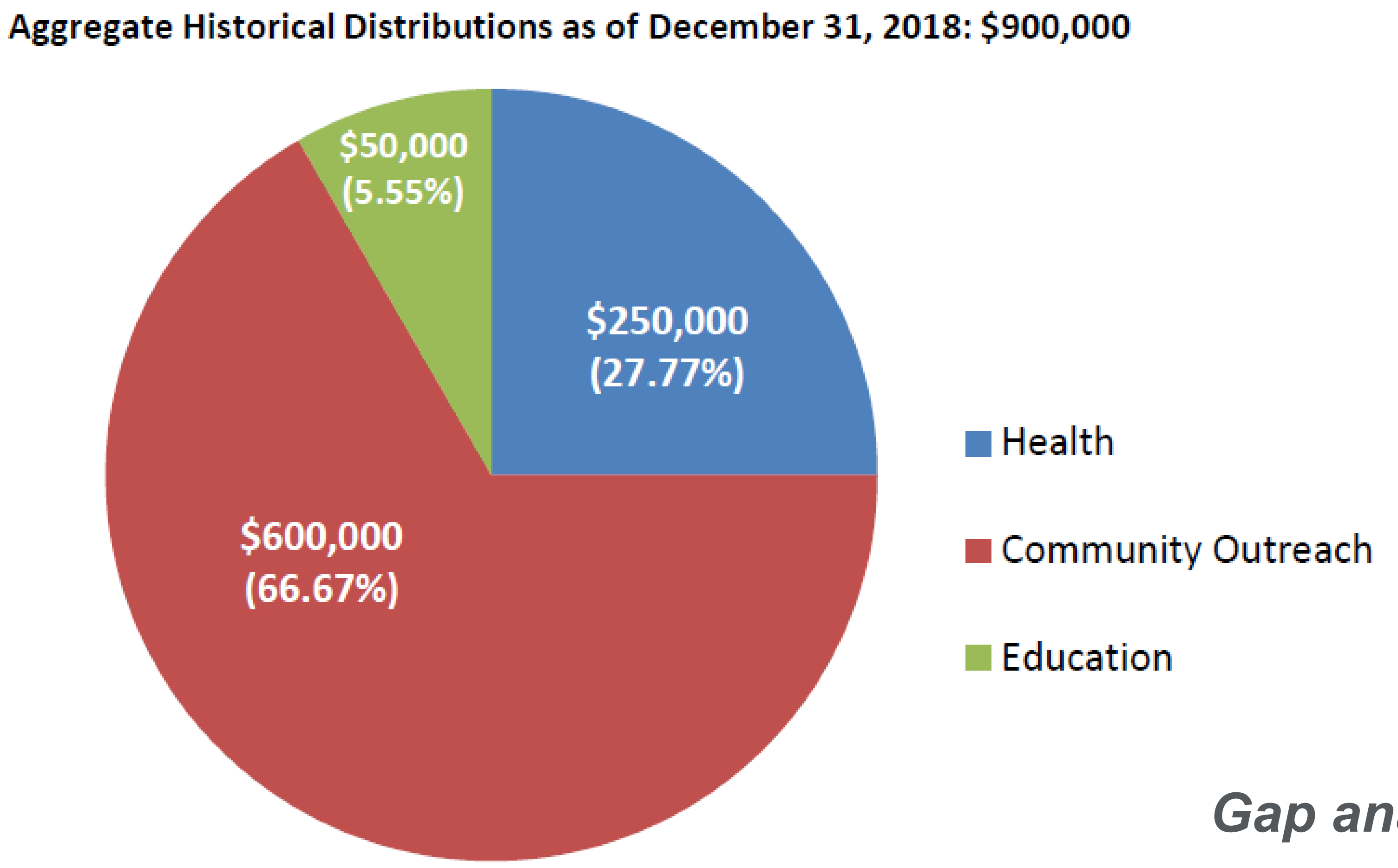
Static/Episodic/Siloed Estate Planning is Dead

- Technology driven real-time legacy management

Our Views:

  - Estate planning = Backstop/failsafe/safety net
  - Legacy management = Lifetime/dynamic

Doe Family Philanthropy – A Snapshot



Gap analysis matters!

Active vs. Passive Management

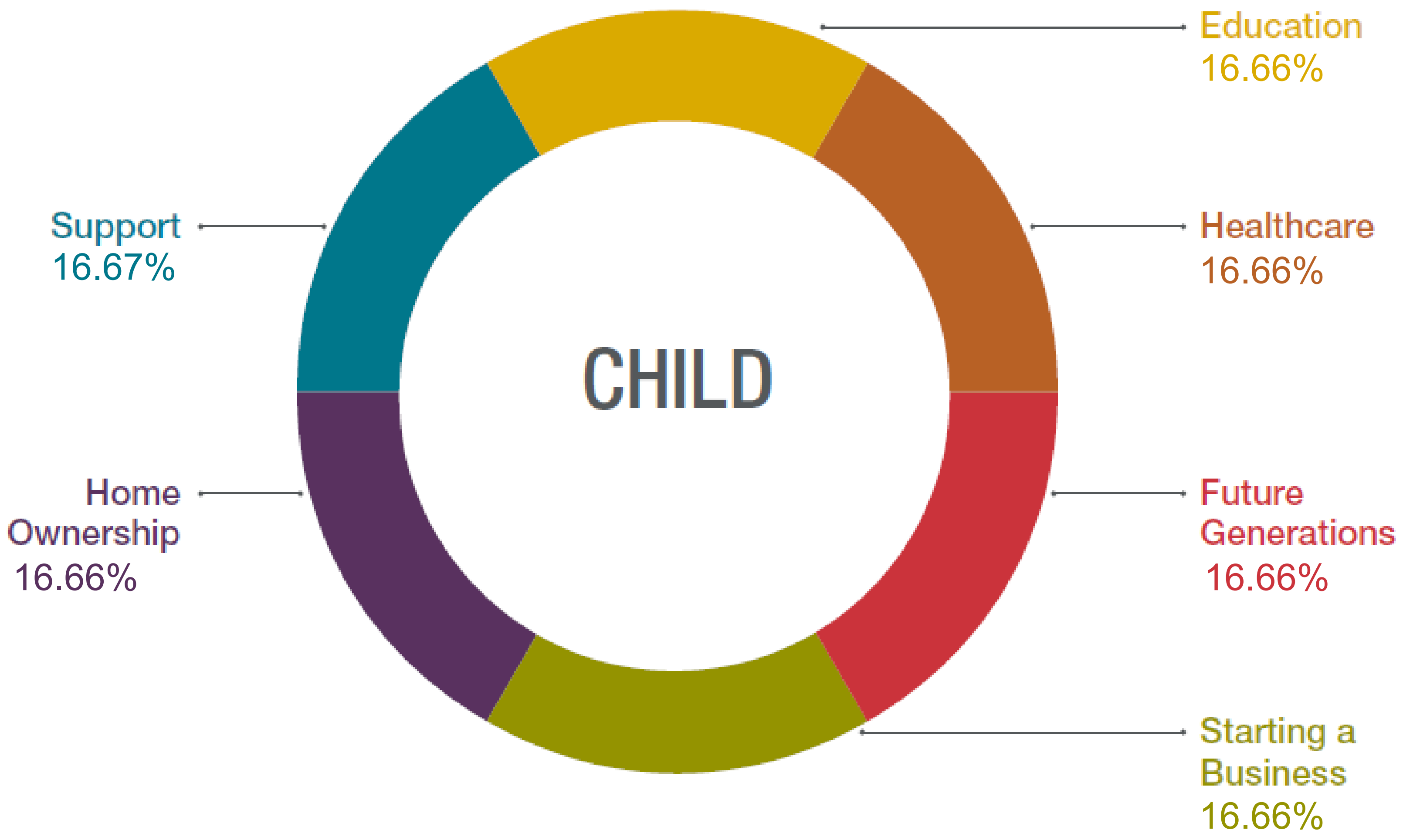
Doe Family Foundation
$10M

→ Annual grants (5%) = $500,000

- IRR = 3.5%*
- Foundation fails in year 35…acceptable?

*Net of fees, costs, and 1.39% net investment income excise tax.

Capital Matrix Allocation – Values Wish List



Capital Matrix Allocation – Values Reality

- Expensive homes ($14M)
- Home maintenance costs ($100,000 in annual real estate taxes, etc.)
- Country club memberships ($350,000 initiation fee and $25,000 monthly dues)
- Luxury automobiles ($200,000)
- Bar mitzvas ($600,000)

Consistent with your legacy plan?

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Five Core Elements – Legacy Management

1. Quantitative Analysis
2. Proactive Management
3. Integrative Technology
4. Collaborative Multidisciplinary Team
5. Post-Closing Support

Appendix

Post-Closing Support – It's a Process

John Doe 2010-7 GRAT

Action Item	Responsible Party
Report John's gift to 2010-7 GRAT on gift tax return (initially due on/before April 15, 2011)	BH prepares - Rebecca Manicone (Becky) rmanicone@bhlaw.com / 202.861.1694
Report GRAT's income, gains, losses, and deductions annually on John's federal income tax return (initially due on/before April 15, 2011)	CPA prepares - James J. Jones (Jim) jjones@xyzacct.com / 555.555.5555
	BH reviews (Becky)
	Jonathan M. Forster (Jon) files, as Trustee jforster@bhlaw.com / 202.861.1684
Pay annuity per GRAT schedule (Year 1 annuity due between December 11, 2011 and March 25, 2012)	Jon pays, as Trustee

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Costs

- Expense vs. cost
  - Expense viewed as only measure for evaluation
  - But what is the real cost of using traditional method?
- Focus on value provided, not just cost
- $35,000 for:
  - Plan audit
  - Gap analysis
  - Solutions
- Implementation costs vary

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Getting Started

1. Determine Legacy IQ
2. Complete data collection intake
3. Identify advisory team

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Legacy Onboarding Checklist

PERSONAL BACKGROUND INFORMATION

- ☐ Clients' full names, addresses, and dates of birth
- ☐ Full names, addresses, and dates of birth for:
  - ☐ Children, grandchildren, great grandchildren
  - ☐ Their spouses, partners, or fiancés(ées)
- ☐ Current employment and employer and/or business positions
- ☐ Completed Legacy IQ questionnaire

ESTATE PLANNING DOCUMENTS (COPIES ONLY)

- ☐ Wills
- ☐ Revocable trust agreements and amendments
- ☐ Financial powers of attorney
- ☐ Health care powers of attorney and living wills
- ☐ Irrevocable trust agreements, if any
- ☐ Pre-nuptial or marital agreements, if any

FINANCIAL INFORMATION

- ☐ Detailed personal net worth statement of all assets and liabilities, including location and ownership
- ☐ Current financial statement for each irrevocable trust
- ☐ Current financial statement for each family entity

DOCUMENTS RELATED TO ASSETS AND LIABILITIES

- ☐ Promissory notes, mortgages, or other loan documentation
- ☐ Deeds for real estate
- ☐ Life insurance policies, beneficiary designations, and any split dollar agreements
- ☐ Retirement accounts and beneficiary designations

FAMILY BUSINESS/INVESTMENT ENTITIES

- ☐ Governing documents (e.g., corporate bylaws, partnership or operating agreements)
- ☐ Any applicable shareholders' or buy-sell agreements
- ☐ Current capitalization tables and organizational charts

TAX RETURNS

- ☐ Recent federal and state income tax returns
- ☐ All federal gift tax returns

CHARITABLE ACTIVITIES

- ☐ Information regarding any annual donations, including amounts and name of charities
- ☐ Charitable pledge agreements
- ☐ Name of donor advised funds, custodians, and values
- ☐ Name of private family foundation, if any
  - ☐ Form 1023 and the IRS letter of recognition of tax-exemption
  - ☐ Foundation bylaws or trust agreement and any related governance documents
  - ☐ Financial statement
  - ☐ Filed Forms 990-PF, "Return of Private Foundation"
  - ☐ Filed state annual reports, if any

CURRENT ADVISORS

- ☐ Names and contact information for:
  - ☐ Investment manager(s) / financial advisor(s)
  - ☐ Accountant(s)
  - ☐ Insurance advisor(s)
  - ☐ Any other important advisors

Information Needed for Budget Development

- List of entities and trusts
- Personal financial statement (not detailed) and approximate statement for each entity so we know what it's holding (asset-wise)
- Family tree

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