

ESTATE PLANNING IN THE NEW NORMAL

SAVANT



WEALTH
MANAGEMENT
EST 1986

Presenters



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Savant at a Glance

- Rockford-based Registered Investment Advisor formed in 1986
- Fee-Only Investment Management since 1993
- \$8.4 Billion Assets Under Management (AUM)

AUM as of 8/14/2020

Our Team

- 204 team members, including an advisory team of 58
- 413 specialized degrees and designations

Employee stats as of 7/10/2020

Our 18 Locations

ARIZONA: Phoenix

ILLINOIS: Bloomington, Chicago, Downers Grove, Freeport, Hoffman Estates, Lincolnshire, Naperville, Peoria, Rockford, St. Charles, Sterling, and Wilmette

NEW MEXICO: Santa Fe

VIRGINIA: McLean

WISCONSIN: Madison and Park Falls

Our Wealth Strategy Team

Financial and Professional Credentials

70 CERTIFIED FINANCIAL PLANNER™ professionals

12 Chartered Financial Analysts® (CFA®)

1 Certified Estate Planner™ (CEP®)

13 Certified Public Accountants (CPA)

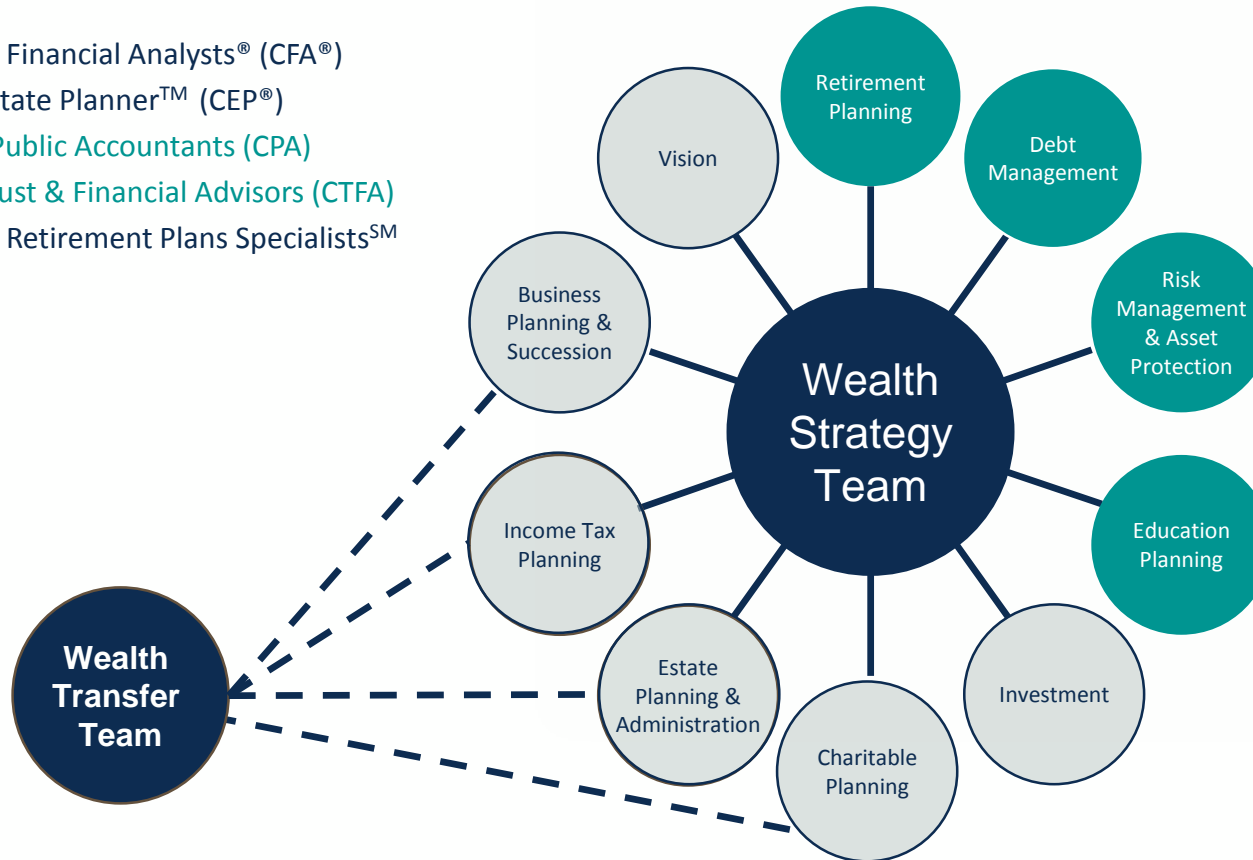
4 Certified Trust & Financial Advisors (CTFA)

14 Chartered Retirement Plans SpecialistsSM (CRPS®)

Advanced Degrees

3 Juris Doctor (JD)

2 Master of Professional Accountancy



Data as of 6/12/2020

5 Tips for Sound Estate Planning in the New Normal

- 1) **Take advantage of Virtual Teams and Process**
- 2) **Organize Your Affairs to Provide Administrative Efficiency**
- 3) **Plan for Incapacity**
- 4) **Review Distribution Objectives**
- 5) **Estate and Income Tax Planning**



Take Advantage of Virtual Teams & Process

Your team is equipped to work remotely

- Zoom conferences
- Electronic document review
- Social distance notarization/witnesses executive order 2020-14 (IL)
- Execute elements not requiring 2 witnesses
 - Living Trust Amendments
 - Deeds in Trust
 - POAs

No better time than the present!





Organize Your Affairs to Provide Administrative Efficiency

Organize Your Affairs to Provide Administrative Efficiency

- Asset Information/Net worth Statements
- Family Contact Information
- Funeral and Burial Arrangements
- Obituary
- Memberships and Credit Cards to Cancel
- Passwords and Digital Asset Information
- Organ Donation
- Alumni and other Associations to be notified

Ideal Futures Wealth Transfer ProcessSM

1 Determine What's Important 2 Assess Default Estate Plan 3 Design Ideal Futures Wealth Transfer PlanSM 4 Implement & Coordinate Plan 5 Review Progress & Determine Next Steps

ESTATE AND TRUST ADMINISTRATORS GUIDE

PERSONAL INFORMATION

1. CLIENT

a. Location of Original Last Will / Estate Plan Records: _____

b. Primary Executor/Trustee Contacts in order of priority (name and phone/email):

1. _____

2. _____

3. _____

c. Funeral Arrangements:

Funeral Home Name: _____

Phone: _____

Prepaid: Yes No

Preferred Clergyman (if any): _____

Obituary Completed: Yes No

Location of obituary: _____

Photograph to be published? Yes No

Which one? _____


d. Additional Service / Burial Instructions: _____

e. Newspapers / Organizations to contact regarding Notice of Death:

f. Does Power of Attorney for Health Care have authority for disposition of remains? Yes No

g. Date of Birth: Your: _____

Spouse: _____

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Organize Your Affairs to Provide Administrative Efficiency

- Ethical Will Statements
- Personal Property Distribution
- Memorandum
- Letters to Children, Guardians, and Trustees
- Letters regarding Special Assets like family lake property
- Pet Care Instructions
- Create Family Record File, with ease of access and knowledge of location

Ideal Futures Wealth Transfer ProcessSM

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21. PETS/PET CARE INSTRUCTIONS

22. ANATOMICAL GIFTS

Name of Contact Agency: _____

Phone: _____

23. VETERANS BENEFITS Yes No

Contact: _____

24. ETHICAL WILL Yes No

Location: _____

25. INFORMATION REGARDING CHARITABLE GIFTS AT DEATH

a. Distribution of Remaining Personal Items: _____


b. In Memory Gifts: _____

c. Are there outstanding charitable pledges?

Do you want them paid? Yes No

If so, does your Will/Trust direct that they be paid? _____

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 **SAVANT**
BUILDING IDEAL FUTURES

Sample Ethical Will

To my beloved family,

By now, you should all have been made aware of the provisions of my Trust Agreement. This Trust, prepared by my lawyer at my direction, disposes of material possessions which I have accumulated during my lifetime, but now leave behind for your personal use and disposition. I hope each of you use these possessions wisely, but as you will find these gifts will have only temporary significance to you and your life.

In the end, I am more concerned with having you inherit something that is vastly more important and lasting, namely, an understanding of our family heritage, and the principles, values, and collective wisdom which I have learned from my life experiences. I am leaving behind a personal list of gifts for each of you. I ask that you each hold and pass on these items as a gift of family heritage, and in remembrance of the values I leave to you, in addition to the property within my Trust.

In keeping these items in remembrance, I urge you to have an optimistic spirit, a fervent enthusiasm for life, and a closeness and regard for each other. I hope you will always remember the sacrifices of those members of our family that came before you and allowed you to have the life you now lead. I urge you to be generous in your forgiveness of others, responsible in your awareness of those in need, and sincere in all of your relationships. I urge you to live together in peace, bear no hatred in your hearts, and help one another in good times and bad.

With all my Love, Dad



Plan for Incapacity



Plan for Incapacity

Powers of Attorney are effective tools to avoid the need for a Court Appointed Guardianship in the event of Disability

- Use statutory forms when possible
- Effective immediately or upon physician certification
- Name multiple successor agents if possible
- Include digital asset authority



Powers of Attorney for Health Care vs Living Wills

Powers of Attorney

Empowers **others** to make a variety of medical decisions over a potentially long period of time

- Can include power to withhold or withdraw life sustaining treatment or procedures

Living Will

You declaring **your** desires regarding life sustaining treatment or procedures without the need for agent involvement

(also called Declarations to Physicians)

Provide a copy of POAHC and Living Will to your primary physician.

Review Distribution Objectives



Confirm Title and Beneficiary Designations are Coordinated

- Probate avoidance
 - Title to Trust
 - POD/TOD
- Birth of a child or grandchild
- Per Stirpes vs Per Capita

Last Wills vs Living Trusts

Last Wills

Transfer property with court involvement via a process known as probate

- Adds expense and delay
- Public process

Living Trusts

Living or Revocable Trusts allow property to be transferred at death without court involvement

- Transfers can take place immediately
- No need to involve the court/
asset distribution is confidential

Provide Inventory title to real estate and audit ownership of all accounts.

Distribution Planning

- Distribution standards
 - Health, education, maintenance, and support (HEMS)
 - Best interests
 - Complete discretion
- Postponement of possession provisions
 - 1/3 at 25, 30, and 35, now 30, 35, and 40 or
 - Unitrust payout-5% annually plus HEMS

Trustee Appointments

- Individual vs Corporate Trustee
- Fiduciary duties
- Tax filings
- Accountings

Consider Adding a Trust Protector/Trust Distribution Advisor

- Carry out enumerated administrative and strategic purposes generally not reserved to a trustee
 - Approve Trust Distributions, Amend otherwise Irrevocable Trusts, Adjust for new Tax Laws, Change Trust Situs (Optimize Trust under State Law)
- Creates a check and balance system necessary for longer-term trusts

Consider Legacy Planning

Charitable giving can take many forms:

- Outright vs Endowment Gifts
- Scholarships/Buildings/Parks

Lifetime Giving:

- Donor Advised Funds
- Private Foundations
- Charitable Remainder Trusts
- Charitable Gift Annuity

Gifts at Death:

- Charitable Lead Trusts (low current AFRs (.4%) make these very attractive tax avoidance vehicles today)

Tax Management



Consider Rerouting IRA & DC Assets

- The SECURE Act eliminated the “stretch IRA”
- Possible trapping of all distributions in year 10 at Trust Income Tax Rates
- Review primary and secondary beneficiary designations
 - Eliminate Conduit Provisions
 - Consider Accumulation Trusts

Estate Tax Management

- Federal exemption - \$11.58 mil. per person (portable but likely will sunset after 2025)
 - IL exemption - \$4 mil. (not portable)
 - MD exemption - \$5 mil. (portable)
 - DC exemption - \$5.8 mil. (not portable)
- Establish Domicile in State with no Estate Tax or Implement State Credit Shelter & QTIP Planning
 - Consider Gift Trusts, Education Trusts, QPRTs, Charitable Trusts (CLATS, CLUTS, etc.)



Plan for Second Basis Adjustment

- Traditional Separate Trusts for H & W
No Step-up at Second Death
 - Not required by higher Federal Exemption (\$11.58 mil.)
 - Federal Portability
- Consider Single Joint Revocable Trust
Basis Adjustment at Both Deaths, with Full Adjustment at Survivor's Passing
 - Avoids annual 1041s and Surviving Spouse Trust Administration
- Consider Granting Surviving Spouse Contingent GPOA

Disclosures and Notes

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