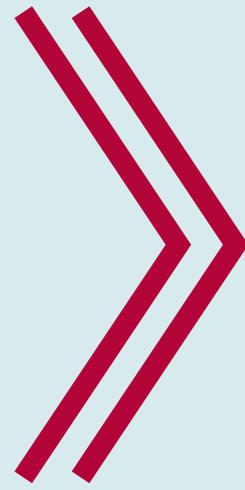


Trust NEWSLETTER

Vol. 3 November 2023



Do You Have a Giving Strategy?

Right now, America is experiencing the biggest transfer of wealth in history. Here and around the world, an estimated \$84 trillion in assets is expected to be passed down to younger generations and charities by 2045. Many of us are contributing to this trend.

Using your money to create opportunities and financial security for your family – and support causes you care about – is one of the most important and gratifying benefits of building wealth. That’s why the topic of gifting assets is often central to our clients’ wealth planning.

You may wish to transfer a variety of assets, such as securities, cash, real estate, cars, jewelry, and artwork. When the time comes, how can you effectively distribute this wealth? There’s a lot to consider, and the process isn’t as simple as writing a will.

You will want a giving strategy that addresses key priorities such as:

Protecting your legacy. This often involves working with estate planning and financial professionals to strategically manage your assets – including investment accounts, properties, and family heirlooms – to ensure that, when you pass away, your estate will be handled according to your wishes.

Making sure that funds are transferred and used properly. Choosing

the right vehicle through which to gift assets helps make sure your wealth is used as intended, such as to put your grandkids through college or care for a loved one with special needs. Trusts are commonly used to help this process go smoothly, particularly because they allow assets to bypass the probate process when settling an estate.

Maximizing the value of assets. Depending on the value and type of assets and to whom they’re transferred, you’ll need to prepare for the tax implications of giving, which may affect the value of gifted assets or your estate as a whole.



Give Wisely: Keys to Transferring Wealth

How can you gift assets in a way that is tax-efficient for both you and your heirs? With the guidance of a tax professional, you can minimize potential tax consequences when transferring wealth in several ways. Factors include the value and type of asset, when it is given, and how it is used.

"Corporate trustees can offer impartial guidance and resources to ensure your wishes are carried out effectively."

Annual Gift Tax Exclusion

By taking advantage of this exclusion, you can gradually transfer wealth to beneficiaries during your lifetime while minimizing tax implications. In 2023, an individual can give up to \$17,000 per recipient without triggering any taxable gift consequences.

Gifts during your lifetime – say, by making yearly contributions to your grandchild's 529 college savings plan – can help reduce the size of your taxable estate when you die. More importantly, it's an opportunity to see others enjoy the benefits of your wealth right now.

Health, Education and Charitable Giving

You can support loved ones' educational pursuits or healthcare needs by covering expenses such as medical bills and college tuition. Provided they are qualified expenses and you directly pay the school or healthcare provider (not the individual),

these contributions generally won't trigger any taxable gift consequences or impact your \$17,000 annual gift tax exclusion. Supporting tax-exempt charities is another proven way to make an impact with

your wealth while helping to reduce your tax burden.

Giving via Trusts

Many individuals and families rely on trusts to facilitate giving. A trust can allow you to maintain control over gifted assets by specifying conditions for how they are distributed. For example, a parent might set up a trust for their young child, stipulating that funds cannot be accessed until their child turns 25. Or they can designate funds for specific purposes such as education expenses.



Turn to Professionals

Working with a corporate trustee such as National Exchange Bank & Trust offers key advantages when transferring wealth.

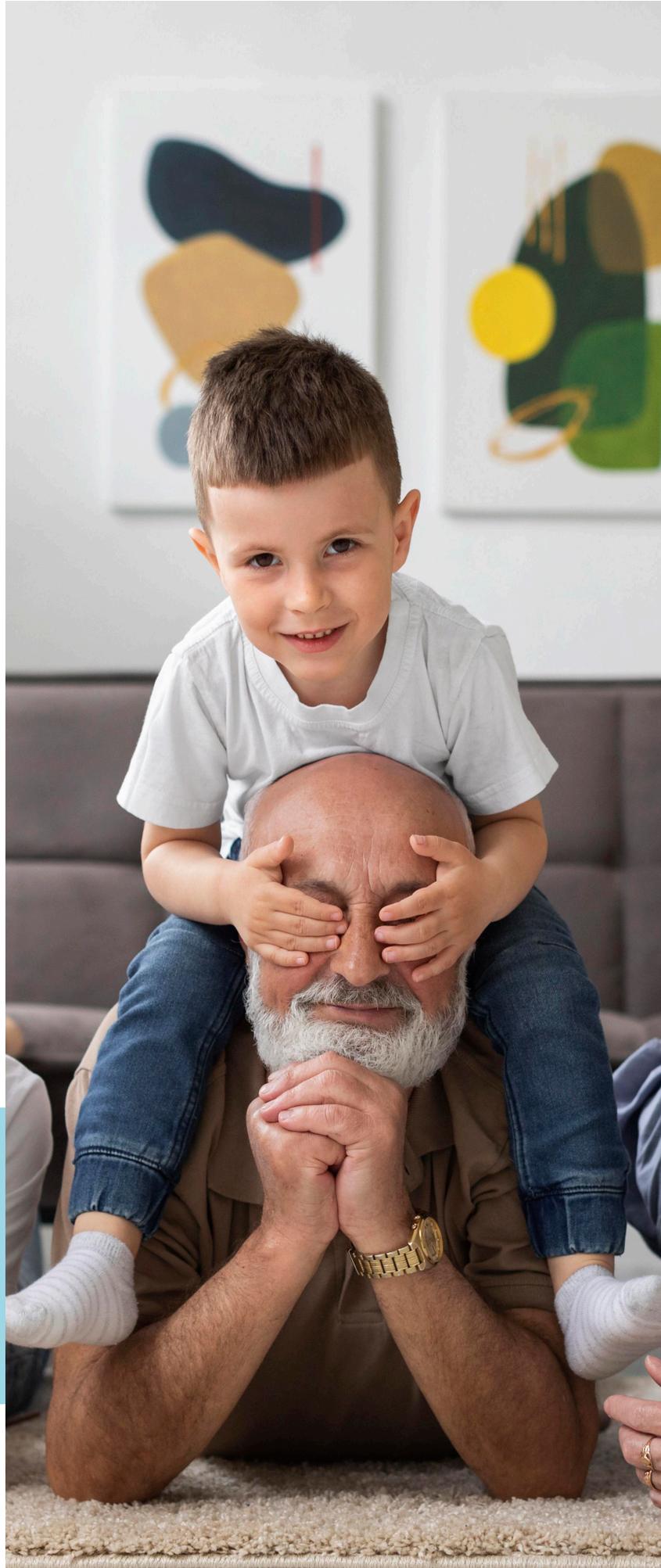
Corporate trustees offer impartial guidance and resources to ensure that your wishes are carried out effectively. These specialized professionals can help with the administration of trusts, such as completing necessary tasks like tax filings, and they can also manage investment portfolios and provide ongoing advice to both you and your beneficiaries. Additionally, a corporate trustee can help serve as a non-bias administrator to help reduce some of the emotional conflicts that could occur when it comes to matters of the heart and money.

Professional trustees also stay informed about changing regulations related to trusts, which can give you confidence in today's quickly evolving legal landscape.

A corporate trustee is bound by a fiduciary duty to work in their client's best interest.

You've worked throughout your life to build your wealth. Now, you can find a great deal of joy in knowing that it will be shared with the people and causes you cherish most. With an effective gifting strategy, supported by our team of experienced trust professionals, you can help maximize the benefits that your wealth brings to others.

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Existing Estate Plan Reviews

When was the last time you reviewed your existing estate plans?

Things change, and like all plans, estate plans occasionally need to be updated and adjusted for changes that may have happened in your life or with your family. We recommend reviewing your trust at least every five years. Please contact us today to set-up a meeting; we look forward to hearing from you.

S. Adam Stone - Trust Division President
920-923-7000
trust@nebat.com

