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PRESIDENT'S LETTER

Estate Planning Council of Cleveland: Empowering advisers to guide families toward stronger financial futures

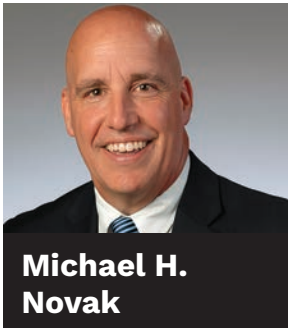
The Estate Planning Council of Cleveland is proud to again collaborate with Smart Business to present our annual estate planning issue. Now in its third year, this publication continues to serve as a valuable resource for the business community, offering timely insights that reflect our Council's commitment to cross-disciplinary collaboration in business and wealth planning.

Our Council brings together professionals from diverse fields — including accounting, insurance, investment management, law and planned giving — to foster integrated and nuanced conversations that support long-term family and business success. The articles featured in this issue are authored by Council members who regularly provide expert guidance for their clients in their respective areas of expertise.

This year's issue explores a broad spectrum of topics related to effective wealth transfer, including estate, gift and charitable planning. Highlights include strategies such as charitable planning with trusts, charitable gift annuities and charitable applications of retirement accounts, as well as techniques like charitable bunching and Donor Advised Funds (DAFs) — especially relevant given today's higher standard deductions.

We take a comprehensive look at the OBBA extension of estate and gift exemption amounts, examining its implications on the valuation of pass-through entities and related gift strategies. In the wake of the OBBA, advisers are placing greater emphasis on income tax efficiency planning to fully utilize the step-up in basis.

For business owners, this issue explores key estate planning considerations, including planning for incapacity to ensure that your business continues to always run smoothly,



Michael H. Novak

and the critical importance of fiduciary liability insurance. We also highlight the use of trusts as income tax-efficient spousal support substitutes (after a post-2019 divorce), offer guidance on administering special assets, and on sharing trust information.

Our member directory includes certified public accountants, financial

planners, insurance advisers, investment managers, appraisers, attorneys, planned giving professionals and trust officers — all dedicated to helping individuals and families achieve their financial and estate planning goals by providing thoughtful, strategic guidance.

As a longstanding member of the Cleveland community, the Estate Planning Council of Cleveland also is deeply committed to giving back and regularly volunteers at local area nonprofits like Ronald McDonald House and The Greater Cleveland Food Bank.

Founded in the 1930s, the Estate Planning Council of Cleveland is a respected association of nearly 400 professionals across Greater Cleveland. The National Association of Estate Planners & Councils has honored our Cleveland Council with its highest distinction — "Council of Excellence" — for six consecutive years beginning in 2016. We also were recognized as a 5-Star Council for the past two years, and are proud to have once again earned the Council of Excellence designation this year.

We hope this publication serves as a helpful resource as you work with your advisers to build a secure and meaningful future for yourself and your loved ones.

To connect with our members, please refer to the directory accessible via the QR code on the corresponding page or by visiting our website at www.epccleveland.org. ♦

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HUNTINGTON WEALTH

The OBBBA: What does the legislation mean for business owners?

On July 4, 2025, President Donald Trump signed legislation, officially known as the One Big Beautiful Bill Act (OBBBA). This expansive legislation made major changes to tax policy, including some changes to gift and estate tax rules that affect many business owners. As a result of the new rules, it may be an excellent time to revisit existing estate plans and consider new strategies that fit the new paradigm.

Estate and gift tax exemptions: Many tax provisions were scheduled to return to their pre-2017 levels under what many experts were referring to as the “tax sunset.” Without the OBBBA, the number of households subject to federal estate tax would have increased meaningfully, many of whom are business owners. Instead, the legislation created a new set of rules, many of which are more taxpayer-friendly than before.

The OBBBA increases the Basic Exclusion Amount for estate and gift tax purposes to \$15 million for anyone who dies in 2026. Most importantly, the increase is permanent and no longer subject to the tax sunset. After 2026, the amount will increase annually based on inflation. For married couples, the exclusion is effectively doubled to \$30 million.

This means that anyone who dies with a net worth below the Basic Exclusion Amount is likely to avoid an estate tax liability. For those with estates in excess of that value, the current tax rate of 40 percent remains unchanged. Certain gifts made during your lifetime can reduce the exclusion available upon death, but the additional exclusion will mean that most households will not need to worry about federal estate taxes. The Generation Skipping Transfer Tax exemption, which is often a factor in complex estate planning, also increases to \$15 million in 2026 and is indexed to inflation in future years.

What does this mean for business owners? The current estate tax exclusion for 2025 is \$13,990,000. Check with your advisers



Daniel R. Griffith



Rosemarie Wilkins

to develop an estate planning strategy that maximizes the use of your exclusion this year and anticipates the additional opportunities that will be available next year and beyond. Many plans were developed to avoid estate taxes when the exclusions were much lower. Now that estate taxes are less of a concern, it may make sense to adjust your plan to trigger a step-up in basis for appreciated assets. The increased exclusion also allows more assets to be sheltered from estate tax for generations to come.

As business owners are working with their tax and legal advisers to develop year-end plans, it is important to note several business-specific benefits that came out of the OBBBA. Notably, the legislation

increased and made several provisions that incentivize businesses to make capital investments permanent.

Section 179 expensing: Section 179 of the Internal Revenue Code allows certain businesses to deduct the full cost of purchasing certain equipment and materials in the year in which the purchase is made. In many cases, this benefits companies making larger equipment purchases by creating and offsetting tax breaks. The amount that can be deducted now increases to \$2.5 million, more than doubling the existing ceiling. This provision is now permanent and effective for purchases in the 2025 tax year.

What does this mean for business owners? If your business has already made deductible purchases that meet the pre-OBBBA ceiling, check with your advisers to see if additional investments in the business can qualify for the increased deduction this year.

Bonus depreciation: Much like the 179 deduction, bonus depreciation allows business owners to immediately depreciate 100 percent of the value of certain assets in the same year that the purchase is made. Unlike the 179 deduction, there is no ceiling on the amount of depreciation that can be used. The list of items that can be depreciated is longer than the list available for 179 deductions, and the depreciation can actually be used to trigger net operating loss. This benefit is now made permanent and continues to be available in 2025 and beyond.

What does this mean for business owners? In many cases, business owners use the 179 deduction and bonus depreciation in tandem. Check with your tax adviser to see whether the rules will allow for existing purchases to be characterized differently in 2025.

Conclusion: Over the past several years, many business owners have struggled to keep pace with changes in tax policy. This volatility is a reminder of the peace of mind that a team of trusted advisers can bring. ♦

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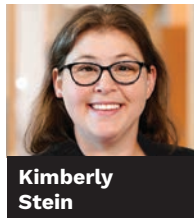
UB GREENSFELDER LLP

Tax reduction options expanded by OBBBA: QSBS and Opportunity Zones

The tax law known as One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025, changed many federal tax rules. In some areas, the changes stand to benefit taxpayers significantly. Two of these are qualified small business stock (QSBS) and opportunity zones.

QSBS, first introduced with limited scope in 1993, shields taxpayers who sell original-issue, domestic C corporation stock from capital gains tax upon liquidation, with per-issuer and per-taxpayer limits. Over the years, the scope and extent of the exclusion gradually increased — the benefit expanded to non-corporate taxpayers in 2015, and the excludible gain increased from the original 50 percent to 100 percent depending on acquisition date. The benefits are expanded further for qualifying stock issued after OBBBA's enactment.

Previously, the taxpayer had to hold the stock for five years to qualify for exclusion. Now, a taxpayer can exclude 50 percent



Kimberly Stein

rate during that period.

The exclusion was also limited in amount. First, each taxpayer could exclude up to \$10 million of gain for stock of each issuer. That per-taxpayer, per-issuer exclusion is now \$15 million. (As before, the taxpayer can exclude 10 times basis, even if that exceeds the dollar-amount cap.) Second, the issuer had to have less than \$50 million of assets (utilizing valuation rules outside the scope of this summary) at the time of issue. That limit is increased to \$75 million for stock issued after OBBBA's enactment. Both of these limits will be indexed for inflation starting in 2027.

of the gain if sold after three years, 75 percent after four years, and 100 percent after five years, and the unexcluded gain is subject to a reduced

Opportunity zones, introduced in 2017, permit taxpayers to reduce or eliminate realized capital gains (including investment gains) and defer any gain on the opportunity zone investment, encouraging investment in underprivileged census tracts. It was to sunset at the end of 2026 but is now permanent, with protocols for refreshing the list of qualifying census tracts decennially and introducing rolling gain deferral periods (replacing the original set-date deferral period). Most operational aspects of this program have remained unchanged, but some new substantive features were added. Investments in rural tracts are subject to reduced investment thresholds and bear more basis adjustment benefits. However, the income threshold for census tracts to qualify is reduced, investments in tracts contiguous to the qualifying tract no longer earn benefits, and an overall 30-year holding period cap is imposed. ♦

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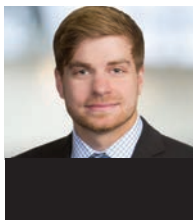
UB Greensfelder was created in 2024 through the merger of Ulmer & Berne LLP and Greensfelder, Hemker & Gale, P.C. — two strong, growth-focused firms that joined forces to create an Am Law 200 legal powerhouse.

STOUT RISIUS ROSS, LLC

Valuation impact of the One Big Beautiful Bill

On July 4, 2025, President Donald Trump signed into law H.R.1, commonly referred to as the One Big Beautiful Bill Act (OBBBA). The OBBBA included various changes to federal tax law and the U.S. Internal Revenue Code. Three changes included implications surrounding the valuation of pass-through entities (PTEs) (e.g., S corporations, LLCs), permanently extending 100 percent bonus depreciation, and expansion to the gain exclusion available under Section 1202 for qualified small business stock (QSBS).

This is not the first time that tax reform had significant changes with regard to how operating company PTEs are valued. The Tax Cuts and Jobs Act of 2017 (TCJA) included both permanent and temporary changes to the tax policy. In valuing PTEs, business valuation analysts widely use the Van Vleet Model and apply the S Corporation Equity Adjustment Multiple (SEAM) to quantify the impact of tax attributes for PTEs relative



to C corporations. Prior to TCJA, it was not uncommon for the SEAM to indicate a premium applicable to equity interests in PTEs of 15 to 20 percent. The implications of TCJA led to an erosion of this premium due largely to the permanent reduction to the corporate tax rate from 35 percent to a flat 21 percent, and certain temporary changes. As a result, in many instances, the historical benefit of avoiding a double layer of taxation through PTEs was minimal. The OBBBA made permanent several TCJA provisions that were set to expire in 2025. Accordingly, going forward the valuation of PTEs may again result in a premium generally closer to 15 percent for certain qualifying businesses.

Also pursuant to the TCJA, the entire cost of certain depreciable assets could

be immediately expensed for income tax purposes, with a step down in the percentage allowed by 20 percent per year beginning in 2023. Passage of the OBBBA allowed for a permanent extension of 100 percent bonus depreciation, which can provide significant cash tax benefits. Further, the OBBBA expanded terms on the sale of QSBS, which provides taxpayers with an exemption on capital gains upon a sale of stock in a C corporation that qualifies. Specifically, the aggregate gross assets threshold was increased from \$50 million to \$75 million, with new inflation adjustments applying each subsequent year. Also, the required holding period for eligibility of the exemption was reduced from five to three years.

Careful review and understanding of the specific provisions of the OBBBA are imperative when it comes to valuation in understanding the implications and potentially increased benefits it offers business owners and in their estate planning. ♦

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Estate planning considerations for business owners

For business owners, estate planning is about more than personal wealth — it's about ensuring the future of the company they've built. Business owners are often too busy running their companies to focus on succession planning, but waiting for a catalyst, such as a health condition, may force an owner to plan a hasty exit that is expensive and harmful to the business.

Business succession

Deciding who will take over the business is often the most difficult part of planning. Will ownership pass to family members, a business partner, the employees (through an ESOP) or an outside buyer? On rare occasions, the company may have an opportunity for an initial public offering. Tools such as buy-sell



Alex Kuzmik

agreements, shareholder agreements, or family trusts can provide structure and certainty. Without a plan, the transition may be dictated by state law or court processes, which rarely align with an owner's wishes.

Tax consequences

The transfer of a closely held business can create significant tax implications. Estate taxes, gift taxes and capital gains taxes may reduce the value passed to heirs if not properly planned for. In particular, estate taxes can place liquidity pressures on heirs, sometimes forcing a quick sale of the business at a discount. Strategies such as lifetime gifting, trusts or insurance funding can help mitigate these risks. Working with advisers to obtain a proper business valuation is essential — both for tax purposes and for ensuring fairness in how ownership is divided among beneficiaries. ♦

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“One day all of this will be yours:”

How to convert premier assets into cash

It's a phrase often said with a mix of pride and burden: “One day all of this will be yours.”

Whether it's farmland, a family home or valuable collections, inheriting significant assets can be both a blessing and a logistical challenge. For estate managers, the question inevitably follows: *What now?*

Converting inherited assets to cash is often a practical necessity — to settle debts, divide estates fairly or simplify management. Success requires professional valuation, strategic timing and understanding your options.

Getting professional valuations

Before selling anything substantial, obtain professional appraisals for real estate, fine art, jewelry, vehicles and machinery. This is essential for probate and tax reporting. Unique assets like collections or antiques may require specialized experts.

Strategic asset categorization

Not every asset needs immediate liquidation, especially items with emotional significance or practical utility. For everything else, create three categories:



Sarah McIntosh

Focus your energy on premier assets with significant market value rather than general household items.

Choosing your sales method

For real estate and valuable personal property, you have two primary options. Private sales offer greater price control but require marketing efforts and extended timelines. Auctions provide timing control and competitive bidding that can maximize value, with professional estate auctioneers handling everything from marketing to cleanup. Choose based on your timeline and goals.

Timing the market

Markets fluctuate significantly. Holding assets

■ **Sell:** High-value assets that don't fit long-term plans.

■ **Donate:** Items with modest value or those offering tax benefits.

■ **Discard:** Broken or unsellable property taking up space.

for months or years may yield better returns, while fast liquidation might be necessary due to legal deadlines or shared ownership issues. Consider seasonal trends, such as farmland selling better post-harvest or firearms prior to hunting season.

Understanding tax implications

Selling inherited assets can carry tax consequences. Capital gains tax applies to appreciated assets like real estate or stocks. Some states impose inheritance taxes and certain sales may generate taxable income. Consult a tax adviser or estate attorney before major transactions to understand your full liability.

The bottom line

The phrase “One day all of this will be yours” carries both legacy and responsibility. Whether preparing for inheritance or managing an estate, approach the process with professional guidance, strategic thinking and patience. Focus on premier assets that justify professional handling, and remember that maximizing value often requires expert assistance and careful timing. ♦

Sarah McIntosh, BDO/Realtor/Auctioneer, Kiko Realtors, Auctioneers & Advisors. Contact: 330.705.2803 or smcintosh@kikocompany.com.

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Sarah McIntosh

Business Development Manager

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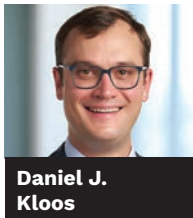
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TUCKER ELLIS

Planning for incapacity: Ensuring that your business runs smoothly when you can't

Proper planning can effectively safeguard the future performance of your business, not only in the event of your death, but also during your temporary or permanent incapacity. Working with advisers to review your business's governing documents and your personal estate plan is a critical step to ensuring your business runs smoothly in the event of your incapacity.



Daniel J. Kloos



Christopher T. Teodosio

Seamless transition of management

If you are the primary manager of your business's operations, planning for your incapacity will involve identifying successor managers who can lead in your absence as well as updating your business's governing documents to clearly establish who will have managerial authority if you are temporarily or permanently incapacitated. The business's governing documents should address the following:

- Define what "incapacity" means.
- Distinguish between temporary and permanent incapacity.
- Set a standard for proving each type of incapacity.
- Determine who has managerial authority during the incapacity period.

Ownership and control during Incapacity

Actions that you need to take as an owner may differ from your management of the business. These actions may include selling, voting or enforcing terms of an ownership agreement. To address who will have the legal rights to take such actions on your behalf if you are incapacitated, you should consider the following:

Durable power of attorney. Implementing a durable power of attorney allows you to designate a family member, trusted adviser or person familiar with your business to legally act for you as owner of your business during your incapacity.

Incapacity provisions in governing documents. If you are one of multiple owners

in a closely-held business, provisions should be included in the business's governing documents to address any owner's incapacity. Such provisions should consider: (1) the rights or obligations of the owners to buy out an incapacitated owner's interest; (2) the circumstances that trigger the buyout; (3) valuation method for the buyout; (4) the procedure to effectuate the buyout; and (5) any additional arrangement related to payment and benefits for the incapacitated owner during or arising from the incapacity.

Revocable trust agreements. The transfer of your business interests to your revocable trust can provide significant benefits upon your incapacity. In such event, a trustee will administer your business interests during your incapacity without the need for a guardianship. Furthermore, an advisory committee made up of trusted advisers and key people within your business can be established to decide issues involving the business and assist the trustee in administering business interests.

Planning for incapacity will need to be tailored to your unique situation. Therefore, it is important to consult with your professional advisers to ensure that your plan meets the distinct goals of your business. ♦

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*We're excited to introduce the newest member of our team,
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MCDONALD HOPKINS

The trustee's duty to share information with beneficiaries

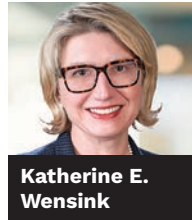
Trustees are fiduciaries owing the highest duty of care. Yet, while they are afforded significant discretion in managing trust assets, they are required to share certain information with beneficiaries. The contemporary view under Ohio law is that trustees have a legal duty to provide trust information and beneficiaries have a corresponding right to receive information. This reasonable degree of transparency ensures beneficiaries are informed and can protect their trust interest.

Within 60 days of accepting the fiduciary role, a trustee must notify beneficiaries of such acceptance and share contact information. Beneficiaries also have the right to request a copy of the trust document and to ask reasonable questions about how the trust is being managed.

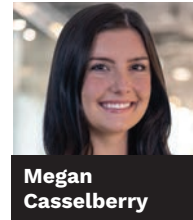
Under Ohio law, current beneficiaries should be reasonably informed about the trust's administration and any significant facts they need to protect their interests. This means beneficiaries should not be left wondering about the trust's investments, liabilities, expenses or distributions. Unless unreasonable under the



Franklin Malemud



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circumstances, a trustee must comply with a beneficiary's request for information. A trustee who fails to keep beneficiaries informed risks being removed for breaching their fiduciary duty.

This duty to inform is not without limits. The trust document itself, along with the Ohio Trust Code and the standard of reasonableness it provides, all serve as guardrails. A trustee must be transparent, but that does not always mean that every request must be met without question, particularly if the inquiries become excessive or burdensome to the administration of the trust. Trustees may seek guidance from legal counsel and accountants or even court instructions if beneficiary demands become too onerous or interfere with effective trust administration.

Providing timely and informative trust information isn't just good practice, it also offers protection. Under the Ohio Trust Code, the statute of limitations for a beneficiary to bring

a claim against a trustee generally begins once a proper report has been provided. A proper report is one that discloses the trust administration information, existence of a potential claim for breach of trust and identifies the timeframe within which a claim must be filed. While a report of this nature may seem as if it would sow distrust, the disclosure of information and identifying the timeframe in which to bring claims benefits both the trustee and the beneficiaries.

Clear and effective communication benefits everyone involved. Through sharing information, trustees fulfill their duties, respect beneficiary rights and strengthen the overall administration of the trust. ♦

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McDonald Hopkins' estate and trust administration and litigation attorneys work together to help trustees manage their fiduciary responsibilities. Our team provides practical, proactive guidance on efficiently administering trusts, complying with complex legal requirements, and safeguarding against potential disputes. We pride ourselves on building strong relationships with our clients—offering the support trustees need to fulfill their roles effectively.

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GLENMEDE

Charitable Remainder Trusts: A tool for estate planning and philanthropic giving

A charitable remainder trust (CRT) provides estate, gift and income tax efficiency, and can generate a steady source of income for you and the trust's beneficiaries. At the same time, it establishes assets that will ultimately be given to charity when the trust terminates.

Understanding a Charitable Remainder Trust

A CRT is created by transferring assets (property, cash, stock or private business interests) into an irrevocable trust and naming one or more beneficiaries, yourself or another person, to receive payments from the CRT for a defined period of up to 20 years or for the lifetime of one or more of the noncharitable beneficiaries. You must also select at least one qualified public or private U.S. charitable organization to receive payment at the end of the specified period. At inception, the assets that will go to charity must be at least 10 percent of the trust's initial value. As an irrevocable trust, once assets are transferred to the CRT, they cannot be taken back. Assets are invested, retained or re-invested, and the beneficiaries receive payment throughout the defined period that the CRT exists. Once you or the last of the beneficiaries dies or the period ends, the assets remaining in the trust will go to the charity originally selected, but that selection can be modified if the trust document permits.

Benefits of a Charitable Remainder Trust

■ Tax planning

You can defer or eliminate capital gains tax on highly appreciated assets by transferring them to a CRT. These



**Ellen
Zegarra**

assets can then be sold by the trustee without incurring immediate capital gains tax or income tax. While the trust itself never pays income or capital gains tax, payments to the trust beneficiaries carry out the tax attributes and are taxed in the year they are paid, in accordance with IRS ordering rules. Additionally, you may be able to receive an immediate partial income tax charitable deduction for the present value of the assets funding the trust that will eventually go to the designated charity. This is determined by IRS tables based on current interest rates.

■ Estate planning

A CRT can be established while you are living or through your will. The assets you transfer to a CRT during your life are no longer considered part of your estate; therefore, your estate will not be required to pay estate taxes on those assets. Assets funded at death will generate a similar estate tax charitable deduction. However, if someone other than you or your spouse is the CRT income beneficiary, there will be an actuarial amount calculated

as a gift or included in your estate. You may choose to name a CRT as the beneficiary of your IRA. When you die, your estate will get a partial estate tax charitable deduction for the present value of the amount going to charity, and the income tax on the IRA can be deferred. A CRT beneficiary can also receive trust income payments for life, rather than having to receive 100 percent of the assets within 10 years of the owner's death, as current tax law requires for most non-spouse IRA beneficiaries. Additionally, the assets in the CRT can continue to grow over the life of the trust, benefiting both the beneficiary (in the case of a charitable remainder unitrust) and the charity.

■ Philanthropic giving

When the CRT terminates, the charity you selected receives the remaining trust assets. By utilizing a CRT, you may be able to make a more significant gift to charity than if you had made an outright donation since the assets in a CRT may increase over time, depending on performance and market environment. However, a direct gift to a charity can also appreciate in the hands of the charity.

CRTs and your wealth plan

There can be many advantages for you, your beneficiaries and your favorite charitable organizations to establishing a charitable remainder trust. As with any important planning decision, it is important to be aware of any legal and tax considerations and consult with your tax advisers. ♦

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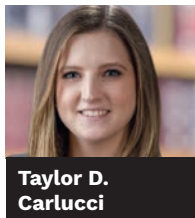
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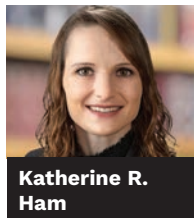
Until death do us part: Leveraging the step up in basis

With the recent increase of the 2026 federal estate and gift tax exemption to an unprecedented and astounding \$15 million per person (a whopping \$30 million for married couples), the necessity of federal estate tax planning is on the decline. With less than one percent of the population currently subject to estate taxes, individuals looking to achieve a tax-efficient transfer of wealth to future generations are advised to consider alternate methods of tax savings.

One useful tax-saving tool is the step up in basis. A step up in basis is an adjustment of the value of an inherited asset to its fair market value at the date of the original owner's death. This adjustment often significantly decreases, or even eliminates, the capital gains tax that a beneficiary would owe should the beneficiary choose to sell the inherited asset. Assets that are included in a decedent's estate are generally eligible for a basis step-up. This includes



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assets held in a trust, so long as the trust is otherwise included in the grantor's estate.

Married couples have an additional basis planning mechanism at their disposal — the “double basis step up,” which occurs when assets receive a basis adjustment upon each spouse's death. One way a married couple can achieve a double basis step-up is with a QTIP trust. Under this mechanism, one spouse (the transferor) transfers assets to a revocable trust and uses the trust income to benefit both spouses during the transferor's lifetime. The trust is included in the transferor's estate because it is revocable, meaning the trust assets

will receive a first basis step up upon the transferor's death. Thereafter, the assets remain in trust for the surviving spouse's benefit. The executor for transferor's estate makes a “QTIP” election on transferor's federal estate tax return, thereby causing the trust assets to be included in the surviving spouse's estate at death, causing the assets to receive a second basis step-up upon surviving spouse's death.

Individuals who created trusts many years ago — before the unprecedented rise of the federal estate and gift tax exemption — likely utilized planning techniques aimed at minimizing federal estate taxes, which techniques may have ignored basis step-up considerations. However, given the current federal tax environment, the capital gains tax savings occasioned by an estate plan focused on a (double) basis step-up may well outweigh tax savings resulting from an estate plan focused on estate tax minimization. ♦

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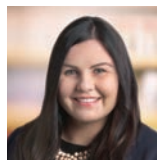
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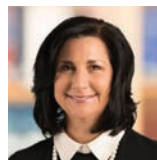
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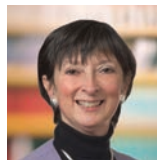
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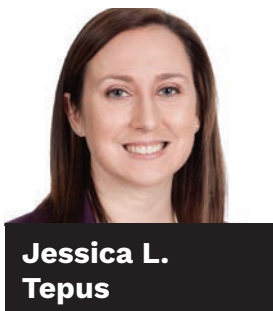
BMF

Maximizing charitable impact with retirement accounts

Retirement accounts like IRAs and 401(k)s can be powerful tools for charitable giving when used strategically. One key method is the Qualified Charitable Distribution (QCD), which allows individuals aged 70½ or older to donate up to \$108,000 annually directly from an IRA to a qualified charity.

QCDs reduce taxable income, satisfy required minimum distributions (RMDs), and don't require itemizing deductions — making them highly tax-efficient.

Another impactful strategy is charitable bequests of retirement accounts. Because these accounts are taxed as income to noncharitable heirs, leaving them to charity avoids



Jessica L. Tepus

income and estate tax entirely. Options include naming a charity as a direct beneficiary or using a Charitable Remainder Trust (CRT) to provide income to loved ones before the remainder goes to charity.

Additionally, Charitable Gift Annuities (CGAs) offer fixed lifetime payments to donors, with the remainder benefiting charity. These



Tyler A. Chaplin

can be funded at death with retirement assets, providing a charitable deduction to the estate.

While younger donors can't make QCDs, they may still donate retirement distributions and claim deductions if they itemize. However, early withdrawals may incur penalties unless exceptions apply.

Key planning tips include choosing retirement assets over appreciated securities for charitable gifts, using QCDs to manage AGI and RMDs, and avoiding pitfalls like indirect transfers or nonqualified charities. With proper planning, retirement accounts can significantly enhance both philanthropic impact and tax efficiency. ♦

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Charitable giving that pays: Income for today, impact for tomorrow

If you are seeking a way to make a lasting difference while also enhancing your financial security, a charitable gift annuity offers a powerful and rewarding solution. This planned giving vehicle has stood the test of time for over a century, providing donors with a unique opportunity to support causes they care about while receiving dependable income for life.

A charitable gift annuity is a simple contractual agreement between you and a nonprofit organization. In exchange for your charitable contribution, the organization agrees to pay you — or a loved one you designate — a fixed income for life. These payments are guaranteed and unaffected by market fluctuations, offering peace of mind and financial stability, especially during uncertain economic times.



**Julie A.
Weagraff**

In addition to the lifetime income, donors receive an immediate charitable tax deduction, which can help reduce taxable income in the year the gift is made. A portion of the annual income may also be tax-free, depending on your age and the structure of the annuity. If you fund the annuity

with appreciated assets such as stocks or real estate, you may also avoid significant capital gains taxes — making this an especially smart strategy for those holding low-yield or non-income-generating assets.

From a financial planning perspective, charitable gift annuities are a versatile tool. They can help diversify retirement income, reduce tax burdens and align philanthropic goals with long-term financial needs. Payments can be received

monthly, quarterly, semiannually or annually, allowing you to tailor the income stream to your lifestyle and cash flow preferences. And because gift annuities are easy to establish, they do not require changes to your existing estate or trust documents.

One of the most meaningful aspects of a charitable gift annuity is its lasting impact. After your lifetime, the remaining funds are transferred to the nonprofit organization to support its mission — whether through general operations, a specific program or the creation of a permanent endowment. Your legacy lives on, helping future generations and strengthening the causes you care about most.

In short, a charitable gift annuity is more than just a financial arrangement — it is a way to turn your generosity into a lasting legacy, while enjoying the benefits of stable income and smart tax planning today. ♦

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

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By including Girl Scouts of North East Ohio in your estate plans, you help ensure that girls continue to have access to transformative experiences in leadership, STEM, entrepreneurship and community service. Planned giving is a powerful way to make a lasting impact. Join others who believe in building girls of courage, confidence, and character.

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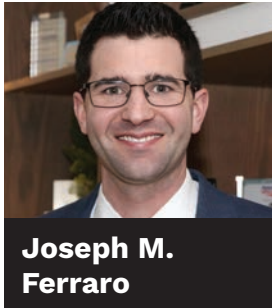


WESTERN RESERVE TRUST COMPANY

Flexible provisions for trusts that are built to last

No two trusts are the same, just like no two houses are the same. Even if built by the same builder from the same blueprint, once the furniture and family move in, each home takes on its own personality. Trusts are the same way. They reflect the circumstances and goals of the people who create them.

Like a house, a trust is often built to last for several decades (and potentially several generations). For these long-duration trusts, it is important that the trust document include flexible provisions so the trust can adapt to change or unanticipated circumstances. Flexibility allows a trust to adjust to save taxes, preserve assets, protect beneficiaries, and harmonize relationships among family and fiduciaries. Some examples of flexible mechanisms that can



Joseph M. Ferraro

be used to achieve one or more of these objectives are:

- Provide clear provisions for the removal and replacement of trustees, and avoid “locking-in” a specific institutional trustee. If relationships break down, or the trustee is doing an inadequate job, the trust document should provide an

avenue for change.

- Permit an individual trustee to appoint a professional co-trustee (such as a qualified professional, bank or trust company) and delegate administrative and investment powers. This can alleviate some of the administrative burden and ensure an individual trustee is satisfying legal requirements such as providing information to beneficiaries and filing tax returns.

- Avoid mandatory distribution provisions, which force assets into a beneficiary’s

hands and potentially expose property to creditors, divorce divisions and transfer taxes. Instead, consider giving the trustee discretion to make distributions of income and principal, which can provide protection for beneficiaries and assets and allow for flexible tax planning.

- Allow the trustee to make loans to beneficiaries (in lieu of distributions), which can help a beneficiary purchase a home or start a business while preserving trust assets.

- Include a power of appointment that gives the beneficiary more control over the ultimate disposition of trust property.

There is no way to know what changes will occur in the future with beneficiaries, trustees, finances and governing laws. Flexible provisions allow a trust to adapt to these changes, and when designed carefully, not only preserve the settlor’s intent, but also help to achieve the settlor’s goals and the purpose of the trust. ♦

Joseph M. Ferraro, Director and Fiduciary Counsel, Western Reserve Trust Company. Contact: 216.635.7709 or jferraro@wrtrustco.com.



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Charitable bunching and donor-advised funds considering higher standard deductions

The Tax Cuts and Jobs Act of 2017 nearly doubled the standard deduction, which is currently \$15,750 for single filers, and \$31,500 for married couples filing jointly in 2025. This results in a continuing decline in the number of taxpayers itemizing year over year, which also limits the tax benefits of charitable giving. However, for individuals who are charitably inclined, there are strategies to implement that could maximize the tax incentives of charitable gifting.

One approach to this issue is to “bunch” charitable contributions. With this strategy, a donor estimates their charitable giving goals for the next few years and, instead, makes the gifts in a single year. Then, they itemize their deductions in the first year and take the standard deduction in subsequent years. This enables the donor to utilize the higher standard deduction without losing the tax benefits from charitable gifting.

Example:

A married couple has itemized deductions (excluding charitable gifting) of \$10,000 each year and gives \$15,000 annually to charity. Under new tax law, they would likely take the standard deduction of \$32,200 and receive a \$2,000 deduction each year for their charitable gifts.

Instead, they implement a bunching strategy and use a donor-advised fund (DAF), which is a tax-advantaged account for charitable giving established at a financial institution or community foundation. In this scenario, they make a \$45,000 contribution to the donor-advised fund in the first year. Then, they take a \$15,000 distribution from the fund for a charity of their choice in each of the next three years.

Under the new law, and assuming an AGI of \$150,000, only \$44,250 of the charitable gift is deductible due to the new 0.5 percent AGI floor. So, with the bunching strategy, and an additional



**David
DeSalvo**

\$10,000 in other deductions, they itemize \$54,250 in year one and take the standard deduction in the next two years.

By bunching their gifts, they can deduct \$16,050 more than they would have otherwise, potentially saving thousands in taxes. Meanwhile, they also retain flexibility to support their preferred charities annually.

Strategic benefits of bunching and donor-advised funds:

- Bunching charitable contributions allows charitably inclined individuals to utilize the tax benefit of making charitable contributions, even under the new tax law.
- The use of a DAF allows individuals to contribute highly appreciated assets, which allows for an additional benefit by not recognizing a capital gain on the appreciated security.
- Owners of a DAF also retain control over how the funds in the account are invested.
- Funds inside a DAF can be invested for growth, which could allow the donor to possibly gift more than originally intended.

While there are numerous advantages to creating a DAF and bunching charitable

contributions, there are also drawbacks to this plan. Some custodians of DAFs require account minimums to open a plan and may require minimum annual donation distributions. Additionally, custodians might charge a fee for handling the assets inside of the accounts. The mutual funds or exchange-traded funds inside the DAF may have their own additional fees. Furthermore, taxpayers are limited to deducting 60 percent of their adjusted gross income for gifts of cash, and this amount drops to 30 percent of their adjusted gross income when gifting securities. However, the unused portion can be carried forward for up to five years.

It is important to note that contributions to a DAF are irrevocable, so proper planning is necessary to ensure that these bunched contributions are sustainable.

Despite the increase in the standard deduction, taxpayers who are passionate about charitable giving can still receive tax benefits for gifting to charity. By determining their annual gifts to charity and bunching these gifts into a single year into a DAF, individuals and couples can itemize their deductions to receive the tax benefit of gifting while retaining control over assets earmarked for charity.

While there are restrictions on the amount that can be deducted and potential fees associated with the account, this strategy allows for flexible giving while creating opportunities for significant tax savings over the lifetime of the taxpayer.

Careful consideration must be given to ensure that this strategy is suitable, as improper implementation can lead to missed tax savings as well as miscommunication between donors and the charitable organizations they support. This strategy represents an opportunity for financial professionals to advise their clients and ensure a balance between generosity, tax savings, and financial responsibility. ♦

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OWNERSHIP ADVISORS

Making Complex Insurance Decisions Simple: Backed by data, built for fiduciaries

For many successful business owners and professional advisors, acquiring life insurance feels unnecessarily complicated and confusing. It's often viewed as a process to avoid; opaque, time-consuming, and filled with opportunities for misunderstanding. Yet for most families and privately held businesses, insurance remains one of the most important tools for tax planning, estate transition, and long-term financial security.

"When decisions are backed by data, everyone wins"

Frustration

Fiduciaries routinely tell us they struggle to get comfortable making or endorsing insurance recommendations. The reasons are consistent:

- insurance broker conflict of interest and lack of transparency
- uncomfortable with advisors who don't work under a client's best interest framework
- concern that typical life insurance illustrations are just sales presentations and often fail to tell the "full story"
- no simple or objective way to compare multiple products from different carriers

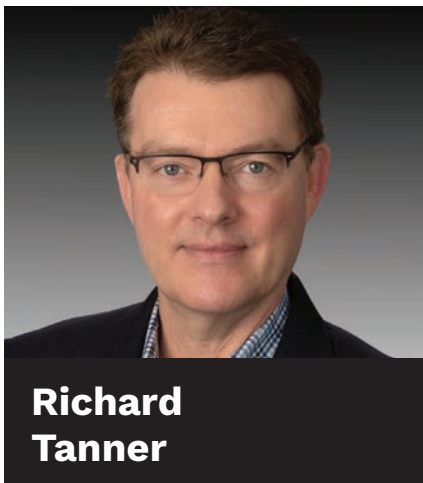
Regulators and industry bodies including FINRA and the Society of Actuaries, have stated that traditional illustration comparisons are often misleading and fundamentally inappropriate for evaluating policy performance, risk or cost. Advisors know this instinctively, but until recently lacked practical tools to conduct fiduciary-level due diligence.

On 10/20/22, the New York State Court of Appeals affirmed the nation's first client's best interest regulation for life insurance and annuities which requires the use of care, skill, prudence and diligence that a prudent person would use to justify costs, evaluate performance and access risks of underperformancein other words, they introduced fiduciary language and process.

"Our mission is straightforward: to deliver insurance planning that lowers risk and increases confidence through independent, objective research"

Fear

Clients also express uncertainty, especially when insurance is part of a larger legacy, business continuity, or philanthropic discussion. Conversations involving mortality, family values and



**Richard
Tanner**

liquidity needs are emotionally complex. Insurance becomes part of a bigger identity conversation, not just a financial transaction.

"The larger the estate, the less confident clients often feel"

We begin with empowered legacy planning, clarifying intent and expectations to determine whether insurance is necessary and what structure makes most sense. Our approach aims to align and define legacy goals before building a protection strategy. This reduces anxiety and leads to more suitable and sustainable outcomes.

Independent Life Insurance Research

Independent research has transformed how fiduciaries including attorneys, trustees, CPAs, and financial advisors approach insurance decisions. Courts and regulators now expect advisors to evaluate cost, performance reasonableness, and risk and not simply rely on the illustrated premium. To meet that standard, we use a suite of analytical tools that expose real policy economics and reveal whether a product truly serves the client's best interest.

Sample Providers

Veralytic - benchmarks policy costs, carrier strength, pricing stability and liquidity

Ebix - provides product, illustration, and pricing data for objective comparison

Morningstar - analyzes general account yields and credit quality to assess credibility of projections.

The Ethical Edge - stress-tests policies to evaluate long-term risk

"Fiduciaries must investigate cost, assess risk, and compare alternatives"

How The Tools Work Together

Most insurance agents rely on carrier illustrations, the very documents regulators warn against using for comparison. What differentiates our firm is the skillful combination of independent research providers within a proprietary, documented fiduciary process.

This integrative approach allows us to:

- Provide true transparency - internal costs are clearly presented and benchmarked
- Deliver evidence-based recommendations - similar to evaluating portfolios and individual investments
- Reduce fiduciary risk - enabling attorneys, trustees, CPAs, and RIAs to demonstrate a prudent process
- Produce better long-term outcomes - clients gain clarity and advisors gain confidence

"Data, not sales pressure, should drive insurance decisions"

Who Benefits

- Financial Advisors - document due care around insurance decisions leads to better, holistic planning outcomes
- Tax Professionals - understand long-term costs and tax implications
- Estate Planning Attorneys - meet expectations for suitability and oversight and stronger strategy implementation percentage
- Family Offices - apply institutional-grade diligence consistent with broader governance practices

Conclusion

Life insurance decisions do not need to be confusing or adversarial. When supported by independent research and implemented within a fiduciary framework, insurance becomes a strategic asset rather than a source of frustration.

"When clients gain clarity, advisors gain confidence"

If you'd like to learn more or see a sample case study, just send us an e-mail and request: *insurance fiduciary research* ♦

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- Executive incentive plans for private companies
- Long-term care strategy to prepare families for health care crises
- Charitable strategies aligned with family stewardship goals

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- Insurance to protect your income
- Funding solutions for business transition
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