

NEW REGULATIONS OPEN 6 ESTATE PLAN “WORMHOLES”

& WHY YOU SHOULD REVISIT YOUR PLAN RIGHT AWAY



The 2017 Tax Cuts and Jobs Act (“TCJA”) created incredible estate planning opportunities for savvy Americans. However, the massive changes introduced by the SECURE Act of 2019 have made many estate strategies outdated.

If you haven’t created or reviewed your estate plans in light of these new rules, you’re at risk of...

- Accidentally disinheriting your spouse *(because of an outdated trust or estate strategy)*
- Failing to take advantage of a temporary tax window *(just through 2025)*
- Shortchanging your loved ones by leaving Uncle Sam too much of your hard-earned money
- Forcing your loved ones to liquidate their inheritance to pay taxes *(because IRA rules changed)*

All because your will, trust, or estate plan hasn’t been updated to reflect the new laws.

Right now, you’ve got a limited window (just until Dec. 31, 2025, or maybe sooner if lawmakers take these opportunities away) to take advantage of the possibilities introduced by new tax laws.

Inside, you’ll find the top new opportunities introduced by the 2017 TCJA and the shocking changes that the SECURE Act put into effect on Jan. 1, 2020... PLUS a simple checklist to help you clarify your situation and the exact steps you need to take next.



MAKING THE MOST OF NEW OPPORTUNITIES (AND AVOIDING THE NEW PITFALLS)

1

DON'T ACCIDENTALLY DISINHERIT YOUR SPOUSE!

Plans created prior to the passage of the TCJA in 2017 often included formulas based on old federal estate-tax exemption amounts (as low as \$675,000 in 2001).¹ A consequence of an outdated strategy could accidentally pass your entire estate to children or heirs, leaving your spouse with nothing.

Your next step: Do you have a dangerously outdated estate strategy that leaves your spouse or loved ones at risk?

2

YOU AND YOUR SPOUSE CAN GIVE DOUBLE TAX-FREE

The TCJA doubled the federal estate and gift tax exemption through Dec. 31, 2025 (it's \$11.58 million per person or \$23.16 million per couple in 2020 but is scheduled to return to 2017 levels).² Savvy Americans are taking advantage of the higher limits to revisit old estate strategies and make gifts before the deadline expires in 2025.

Your next step: Do your estate plans take advantage of the temporary (substantially higher) estate tax exemption?

3

LEVERAGE ADVANCED TRUST STRATEGIES UNDER NEW LAWS

The TCJA opened the door to advanced trust strategies that can help you immediately cut your income tax bill, protect yourself from lawsuits, and create multi-generational tax shelters while giving you control over your assets now and in the future.³

Your next step: Does a trust make sense for you?

4

REVISIT YOUR POWER OF ATTORNEY

When the estate tax exemption was lower, it made sense to give a trusted agent the power to make financial gifts (to avoid estate tax). Today's much higher estate tax exemption means you might need to reconsider giving someone else too much control over your money.

Your next step: Does your current Power of Attorney include the ability to make financial gifts?

5

RETHINK YOUR "STRETCH" IRA STRATEGY

If you planned to leave your IRA or 401(k) to children or grandchildren who would "stretch" the distributions across their lifetimes to create a multi-generational legacy, you'll need to think again. The SECURE Act killed the stretch IRA by forcing most non-spouse beneficiaries to withdraw (and pay taxes on) the full value of an inherited IRA or 401(k) within 10 years of inheritance.⁴ If you have one, you **MUST** take action now to update your strategy.

Your next step: Does your estate plan include a stretch IRA?

6

A TRUST MAY NOT BE THE RIGHT BENEFICIARY OF YOUR IRA

"Pass-through" or "conduit" trusts were common ways to protect assets while allowing heirs the benefits of an inherited IRA. The SECURE Act removed many benefits to making trusts beneficiaries of IRAs. If you have one, you **MUST** take action now to update your strategy.

Your next step: Is a trust the beneficiary of your IRA?

TAKING CARE OF YOUR LOVED ONES



- _____ Are you currently making gifts to your loved ones?
If your lifestyle is secure, giving children or grandchildren the gift of an education, down payment, or other milestone can be immensely fulfilling.
- _____ Do you have a will? Has it been reviewed within the last 2-3 years?
- _____ Have you named beneficiaries for each of your accounts?
Do any need to be added or removed?
Common reasons for updating include: marriage (or divorce), death, and the birth of a new child or grandchild.
- _____ Have you recently married or divorced?
- _____ Do you have a blended family to consider?
- _____ Is there a charity that you would like to include in your strategies?
Important! *There are a number of charitable giving strategies that can help you give tax-free gifts to the causes you care about — and potentially reduce the taxes you pay now.*
- _____ Do you need to protect any beneficiaries from life issues, such as divorce, addiction, or creditors?
- _____ Do you have any children with special needs or disabilities to provide for?
- _____ Do you have wishes for how you want your gifts to be used by your loved ones?
- _____ If you have minor children, have you named guardians or personal representatives? Are they up-to-date?
- _____ Is keeping your affairs private important to you?
Avoiding public probate and keeping gifts private is important to many people we've worked with.
- _____ Have you shared your wishes with your loved ones?
- _____ Are you concerned about family dynamics around inheritance?

TAKING CARE OF YOURSELF

_____ Do you have strategies to protect your hard-earned money from creditors or lawsuits?
If you have multiple properties, hold significant wealth, own a business, or work in a lawsuit-plagued industry, your strategy should protect what you've built.

_____ Do you have advance directives to protect your wishes if you are unable to advocate for yourself?

- Does your Power of Attorney need to be updated?
- Does your Health Directive still reflect your wishes?

_____ Is your spouse or family member capable of taking over financial responsibilities if you no longer can?

_____ Do you have a list of accounts and login information that's easily accessible?

- | | |
|---|---|
| <input type="checkbox"/> Bank | <input type="checkbox"/> Mortgage/Utility |
| <input type="checkbox"/> Investment | <input type="checkbox"/> Email |
| <input type="checkbox"/> Life Insurance | <input type="checkbox"/> Social Media |
| <input type="checkbox"/> Credit Card | <input type="checkbox"/> Other Digital Assets |



PROTECTING YOUR HARD WORK

_____ Do you expect your estate to exceed federal exemption amounts?

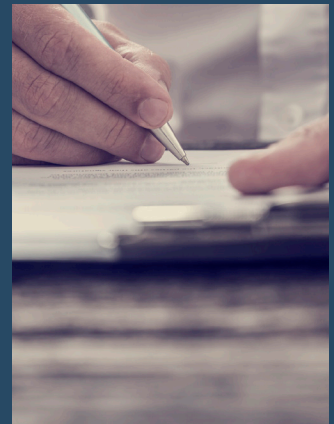
_____ Do you own assets that are not included in your current estate plan?

_____ Do you own assets in multiple states or countries?

_____ Do you own a business? Do you have succession plans in place?

_____ Are you using all the tools available to you to protect your assets now and transfer them in the most tax-efficient manner?

_____ Do you understand the role life insurance can play in transferring your assets tax-free to the next generation?



You Don't Have to Create a Roadmap Alone

If you've ever dealt with the estate of a loved one, you know that it's a complex and often trying process. Getting it wrong means leaving your loved ones with a complicated mess and potentially owing Uncle Sam a lot more than you intended.

Calling in a team of professionals means your roadmap isn't left to chance and includes everything you want (as well as all the things you wouldn't have thought of without help).

Whether you are already working with an attorney or would like help taking the first step, we'll help you drill down in your financial circumstances and give you the confidence and clarity you need to make the right decisions.

We also help you follow through on all the boring (but absolutely critical) details of making sure your wishes aren't just documented, but actually succeed in the way you intend.

Many forward-thinking folks do the hard work of creating an estate plan to protect their loved ones...but they're not professionals and miss critical details.

And suddenly, all those great intentions can go right out the window and Uncle Sam steps in to make the decisions.

Or worse, the laws change. Estate and tax laws have undergone radical changes twice in the last decade. Do you think they'll change again in your lifetime?

It's a good bet.

You might be thinking that your estate plan is already taken care of with a will and beneficiaries. That only the super-wealthy need advanced strategies and trusts. But you might be surprised to see how much more you can leave to the ones you love (and keep from paying Uncle Sam) by structuring your legacy the right way.

Sources:

- ¹ https://www.taxpolicycenter.org/sites/default/files/briefing-book/how_many_people_pay_the_estate_tax.pdf
- ² <https://www.cnbc.com/2020/02/18/create-an-estate-plan-now-to-take-advantage-of-big-tax-exemption.html>
- ³ <https://www.kiplinger.com/article/retirement/T021-C000-S004-update-estate-plans-in-light-of-new-tax-law.html>
- ⁴ <https://www.marketwatch.com/story/inheriting-a-parents-ira-or-401k-heres-how-the-secure-act-could-create-a-disaster-2019-12-26>

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