

**STRATEGIC**  
FINANCIAL GROUP  
PRIVATE TRUST SERVICES

**ENSURE YOUR  
ESTATE PLANS  
HAVE A STRONG  
FOUNDATION**

**TRUST CONNECTION  
CLIENT INSIGHTS**

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A Monthly Report on  
Trust News and Information

**JANUARY 2022**



What is your primary goal with estate planning? Your answer may be, “To pay as little tax as possible.” Unless everything is left to charity, taxation should still be addressed, but the emphasis should always be on who your estate plan will benefit and how will it be executed. Because of the Tax Cuts and Jobs Act of 2017, less than 1 in 10,000 decedents’ estates, or 0.0001%, will owe federal estate taxes.

While it can be a difficult conversation, your estate planner can help you determine how family dynamics could affect assets left to heirs. One study concluded that for decades advisors prepared the assets for their clients’ heirs yet now they need to begin giving focus to preparing the heirs for the assets. When it comes to addressing family dynamics in estate planning, there are three key issues: The grantor’s desired use of the funds by the heirs, the heirs’ ability to comply with those desires, and protection from outside

threats such as lawsuits, creditors, or divorce.

Do you have the confidence in your heirs to handle money responsibly? Many people are comfortable with the ability of their children. They believe the children were raised well, have a good education, and learned life lessons that will help them manage inherited wealth. In these situations, outright disposition is often used in estate planning.

### **Incentive Trusts**

If a grantor is not fully confident in their heirs, so-called “incentive trust” language can be devised. As long as the provisions are within the realm of possibility and do not violate public policy, incentive trusts can provide guidance to heirs by creating a variety of motivations to perform certain desired behaviors or creating motivations to avoid behaviors. Examples have included refraining from alcohol or drug usage, gambling, uncontrolled spending, and achieving education objectives. Using an experienced estate planning lawyer will help you define these issues accurately to avoid violating public policy, rendering the clause unenforceable, or stating it in too general a manner. These conversations can help you to discover and articulate your most important concerns.

### **Special Needs Trusts**

Special needs trusts can be devised for disabled beneficiaries and for minors too young to make their own decisions about money. Parents naturally want to protect those children who cannot protect themselves. Trusts with discretionary language in the hands of a trustee, perhaps aided by the aforementioned incentive trust provisions or a “letter of wishes” giving insight to any concerns, may be the right way to structure an inheritance.



## Philanthropic Trusts

Philanthropy is a type of inheritance itself, often structured in a similar manner, giving the beneficiary the gift of giving rather than the funds for personal use. This can allow the beneficiary to continue the family legacy, improve the world around them, maintain assets outside the threats of taxation and creditors and pass them on to the next generation.

## Protection from External Threats

Protecting beneficiaries and funds from external threats such as lawsuits, creditors, and divorce are concerns for many people. Trusts often make sense to protect the assets of people in careers such as medicine or law where lawsuits and claims against wealth may be more likely. In addition, your success may mean that, while you may not have a taxable estate, your children may have one, which

would increase the amount they would pass through to their children on top of their already taxable estate. Using an irrevocable trust, you can have the best of both worlds, available if needed and not part of the estate nor accessible to their creditors if they don't.

Historical and current family dynamics, personal values, and social issues have a significant effect on estate planning. Talk to your advisor about your unique circumstances that reach far beyond tax implications.



## About StrategIQ® Financial Group, LLC

**Passion is what drives us. Integrity is how we work. Your trust is what we earn.**

Whether you are an individual or a business, StrategIQ Financial Group takes a personalized, hands-on approach to managing and growing your wealth. At StrategIQ we listen. Understanding you, your financial goals and your aspirations is how we develop tailored wealth strategies. Your personalized financial plan is your roadmap and it is built upon your unique set of facts, feelings and family or business goals. We actively implement, monitor, and revise your wealth management plan according to your goals.

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