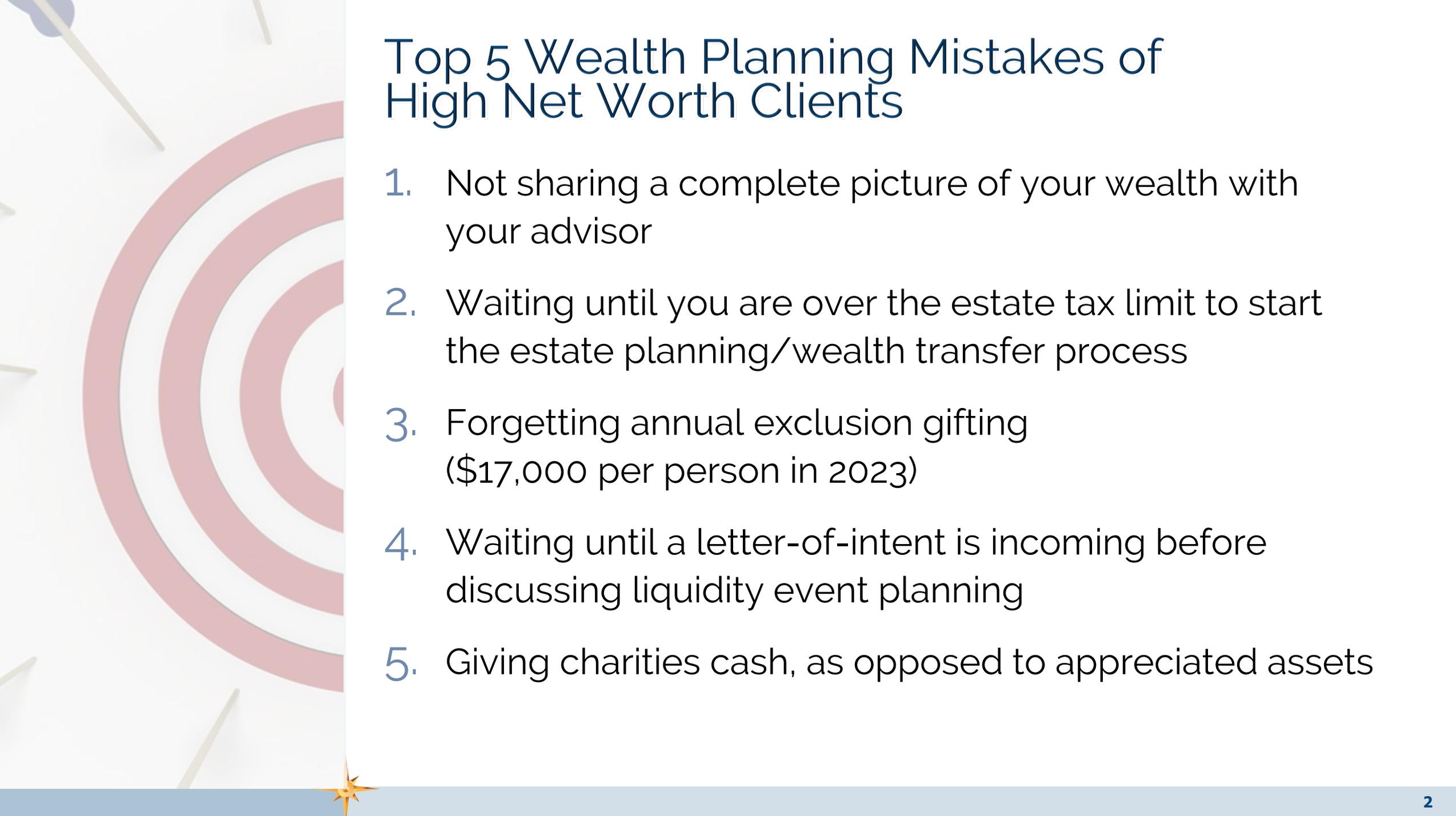


# Introduction to Wealth Planning

Patrick Schultz, JD  
Senior Wealth Planner





# Top 5 Wealth Planning Mistakes of High Net Worth Clients

1. Not sharing a complete picture of your wealth with your advisor
2. Waiting until you are over the estate tax limit to start the estate planning/wealth transfer process
3. Forgetting annual exclusion gifting (\$17,000 per person in 2023)
4. Waiting until a letter-of-intent is incoming before discussing liquidity event planning
5. Giving charities cash, as opposed to appreciated assets

# What Estate Planning Techniques Do High Net Worth Client Typically Utilize?

- Fundamental Estate Planning Documents
- Typical Advanced Planning Techniques



# What Estate Planning Techniques Do High Net Worth Client Typically Utilize?

- Fundamental Estate Planning Documents
  - ❖ Living Trust
  - ❖ Pour-over Will
  - ❖ Power of Attorney for Finances
  - ❖ Power of Attorney for Health Care/Health Care Proxy
  - ❖ Living Will
  - ❖ Memorandum Disposing of Tangible Personal Property
  - ❖ Miscellaneous State Forms Such as a Burial Power of Attorney
  - ❖ Completed Comprehensive Funding of the Living Trust



# What Estate Planning Techniques Do High-Net-Worth Client Typically Utilize?

- Typical Advanced Planning Techniques
  - ❖ Irrevocable Life Insurance Trusts (ILITs)
  - ❖ Grantor Retained Annuity Trusts (GRATs)
  - ❖ Spousal Lifetime Access Trusts (SLATs)
  - ❖ Irrevocable Gift Trusts for Beneficiaries
  - ❖ Intentionally Defective Grantor Trusts (IDGTs)
  - ❖ Sales to IDGTs
  - ❖ Charitable Lead Trusts or Charitable Remainder Trusts (CLT or CRT)
  - ❖ Dynasty or Generation Skipping Trusts
  - ❖ Using Family Entities for Planning and Control (FLLC or FLP)



# Strategies That May Help Minimize Taxation



- Income Tax Minimization Techniques
- Estate Tax Minimization

# Strategies That May Help Minimize Taxation

## ● Income Tax Minimization Techniques

- ❖ Coordinate your charitable giving with your loss harvesting and your asset sales
- ❖ Hold highly appreciated assets until death
- ❖ Consider Roth conversions
- ❖ For non-NY residents, consider an incomplete gift non-grantor trust (“ING”). Typically, these trusts are setup in Delaware (“DING”) or Nevada (“NING”)
- ❖ If you are over 70 and 1/2, consider a Qualified Charitable Distribution (“QCD”) to satisfy the first \$100,000 of your RMD



# Strategies That May Help Minimize Taxation

## ● Estate Tax Minimization

- ❖ Use entities (LLCs) to reduce the taxable value of assets
- ❖ Use entities to reduce ownership but maintain control of assets
- ❖ Engage in advanced techniques to remove assets and their appreciation from your taxable estate
- ❖ Use dynasty or generation skipping “GST” trusts to avoid future estate taxes
- ❖ Consider charitable giving as part of your legacy
- ❖ Make gifts during your lifetime
- ❖ Use intentionally defective trusts to reallocate income tax from the estate



# Questions to Consider Before Selling a Business

- When should I engage in pre-sale planning?
- How much of the sale proceeds do I want in my taxable estate vs. in entities which I control?
- Who am I selling to?
  - ❖ Family
  - ❖ Employees
  - ❖ A Strategic Buyer/Independent Buyer
  - ❖ Private Equity
- How long do I want to work after the sale?
- What am I going to do after I sell?
- What is my corporate structure?
- Does my business qualify for Section 1202, “the qualified small business stock exemption?”
- What is the difference between an asset sale and a “stock” sale?
- Should I roll any of the sales proceeds into the buyer’s company?
- How much of the sale is “upfront” vs. “delayed?”
- Are any delayed payments tied to metrics?



# Who Is Clark Capital?

1986 Year Founded	\$29.17B AUA*	26 Investment Professionals
100% Family and Employee Owned	<b>Committed to Asset Management Excellence for Better Outcomes</b>	24.6 Investment Team Average Years Experience
135 Employees	3x Winner 2020-2021-2022 Asset Manager of the Year**	9.8 Investment Team Average Years Working Together

Past performance does not guarantee future results. Please see attached disclosures for more information. The ranking shown above is not indicative of future performance and may not be representative of any one client's experience because it reflects an average of, or a sample of all, the experiences of the adviser's clients.

\*As of 3/31/2023, includes sub-advised assets and assets under advisement. \*\*Money Management Institute (MMI) and Barron's

# Awards

<p><b>2020</b> <b>2021</b> <b>2022</b></p> <p><b>INDUSTRY AWARDS WINNER</b></p>	 <p><b>MONEY MANAGEMENT INSTITUTE</b> <b>BARRON'S</b></p>	<p><b>Asset Manager of the Year</b> <i>(AUM between \$25-\$100 billion)</i></p>
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2021 WINNER  
**REFINITIV LIPPER FUND AWARDS**  
UNITED STATES



2020 WINNER  
**REFINITIV LIPPER FUND AWARDS**  
UNITED STATES



2018  
**THOMSON REUTERS LIPPER FUND AWARDS**  
UNITED STATES

2022  
**BEST PLACES TO WORK**  
**B P t W**  
PHILADELPHIA BUSINESS JOURNAL

2021  
**BEST PLACES TO WORK**  
**B P t W**  
PHILADELPHIA BUSINESS JOURNAL



2020  
**BEST PLACES TO WORK**  
**B P t W**  
PHILADELPHIA BUSINESS JOURNAL

2019  
**BEST PLACES TO WORK**  
**B P t W**  
PHILADELPHIA BUSINESS JOURNAL

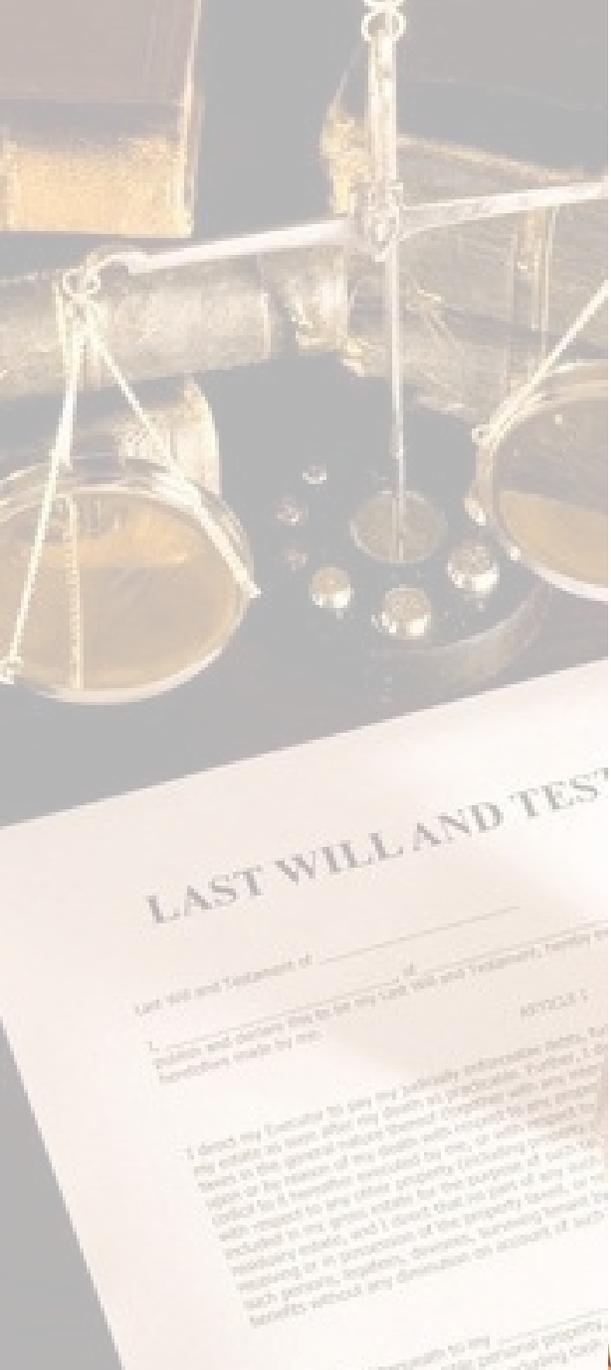
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# Wealth Planning Services Available to Clients \$10m+

- Trust and Estate Planning
- Philanthropic Planning
- Strategic Tax Management
- Business Succession Planning
- Asset Protection Planning
- Concentrated Position Planning
- Equity Compensation Planning





## Trust and Estate Planning

- Our team partners with financial advisors and their clients to analyze their existing estate plans and suggest additional strategies to address wealth transfer, asset protection, tax considerations and other planning goals.
- We regularly work with our clients' legal and tax advisors to create and execute wealth transfer strategies aligned with our clients' goals.

A hand is shown dropping a gold coin into a clear glass jar. The jar is filled with several stacks of gold coins and has a yellow paper label with the word "CHARITY" written on it in black capital letters. The background is a soft, light-colored gradient.

## Philanthropic Planning

- Our team specializes in guiding clients to a strategy that helps them fulfill their philanthropic goals.
- We utilize expertise in a wide range of philanthropic vehicles including donor advised funds, private foundations and charitable trusts.





## Strategic Tax Management

- Our team leverages expertise in income, gift and estate tax planning to develop a customized strategy designed to mitigate a client's present and future tax liabilities
- We help clients and their advisors think strategically about income tax, gift and estate tax.

A person in a white shirt is holding a golden telescope. The image is partially visible on the left side of the slide, showing the person's hands and the telescope. The background is a soft, out-of-focus grey.

## Business Succession Planning

- Whether it is passing on a business to family members, or selling it to a strategic buyer, private equity or the employees through an ESOP, we guide clients through the business succession planning process.



# Asset Protection Planning

- We discuss with clients why we believe there's a need for umbrella insurance, the benefits of holding assets in business entities and the pro and cons of asset protection trusts.



A hand in a dark suit sleeve is shown holding a single, light-colored egg. Below the hand is a white wicker basket filled with many brown eggs. The background is a light blue gradient. This visual metaphor represents the concept of concentrated positions.

## Concentrated Position Planning

- Our team can assist financial advisors and their clients by providing tailored advice for issues related to both public and private concentration in equity positions. This advice often includes issues such as asset location, diversification strategies, leveraging charitable giving and liquidity management.



# Equity Compensation Planning

- Our team regularly assists clients with issues related to equity compensation, such as stock options (ISOs and NQSOs), restricted stock units (RSUs), incentive stock units (ISOs), phantom stock, 83b elections and all the other various and customized methods of stock-based compensation.

# Patrick R. Schultz, JD

## *Senior Wealth Planner*



Patrick Schultz is a Senior Wealth Planner at Clark Capital Management Group. In this role, Patrick works closely with clients' legal and tax advisors to provide client-facing expertise across a wide range of wealth planning strategies. He specializes in estate and tax planning strategies, charitable planning, executive and equity compensation planning, business succession planning, pre- and post-transactional planning, concentrated position management, and other personal planning strategies.

Prior to joining Clark Capital Management, Patrick led the Central Division of J.P. Morgan Wealth Management's Wealth Planning and Advice Team, where he oversaw the delivery of a holistic wealth management experience to advisors and their clients.

Patrick earned a B.A. in history from the University of Wisconsin - Milwaukee and a J.D. from Marquette University Law School. He holds both the FINRA Series 7 and 66 licenses.



# Disclosures

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# Award Disclosures

## **Investnet SMA Manager of the Year**

Investnet, Inc. (NYSE:ENV) and Investment Advisor magazine selected finalists for the 13th Annual Separately Managed Account (SMA) Manager and Strategist of the Year Awards using Investnet|PMC's proprietary, systematic, and multi-factor methodology for evaluating managers. This framework takes a variety of qualitative and quantitative criteria in to consideration, such as investment process and style, performance, firm profile, customer service, and tax efficiency. To qualify for an SMA Manager and Strategist of the Year Award, a manager's team must have at least three years of experience running a strategy with \$200 million or more in assets. A manager's product is also required to be reported through Investnet|PMC's Premium Research solutions, which includes more than 54,000 advisors and 2,500 companies including: U.S. banks, wealth management and brokerage firms, Registered Investment Advisers, and Internet services companies.

## **PSN Top Guns Award Disclosure**

The PSN universes were created using the information collected through the PSN investment manager questionnaire and use only gross of fee returns; they do not reflect any management fees, transaction cost or expenses. PSN Top Guns investment managers must claim that they are GIPs compliant. Mutual fund and commingled fund products are not included in the universe. Products must have an R-Squared of 0.80 or greater relative to the style benchmark for the latest 10-year period. Moreover, products must have returns greater than the style benchmark for the latest 10-year period and also Standard Deviation less than the style benchmark for the latest ten year period and also Standard Deviation less than the style benchmark for the latest ten year period. At this point, the top ten performers for the latest 10-year period become the PSN Top Guns of the Decade. The complete list of PSN Top Guns and an overview of the methodology is available at [informais.com/resources/psn-top-guns](http://informais.com/resources/psn-top-guns). Top Guns Manager of the Decade is a recognition from Informa Investment Solutions PSN, an independent, national money manager database. This designation may not be representative of any one client's experience because the rating reflects an average of all, or a sample of all, the experiences of Mr. Soslow's GCM clients. This information does not reflect the experience of clients of Clark Capital Management Group, Inc. and is not indicative of future performance. For the periods when the designation was made, the recognition was for the GCM All Cap Core (2011) and International/ADR (2017) strategies managed by Mr. Soslow.

Though the strategies were in the top ten, they were not ranked first in the top ten categories for each period.

## **Barrons/MMI Industry Awards**

Nominations for the Barron's MMI Awards are reviewed and evaluated by the specially-appointed MMI Industry Awards Steering Council and by the MMI Membership Experience Committee (MEC). The Steering Council and MEC consist of representatives from all segments of the MMI membership. At their sole discretion, the Steering Council and MEC may enlist the support of outside subject matter experts to help review the nominations. The Steering Council and MEC will look for innovative, needle-moving programs and initiatives that measurably advance the investment advisory solutions industry and deliver improved outcomes for financial advisors and investors. After carefully reviewing the nominations submitted, the Steering Council and MEC will determine a slate of finalists in each award category. If appropriate, in certain "open" award categories, the Steering Council and MEC may elect to propose separate slates of finalists representing Asset Managers, Sponsor Firms, Solutions Providers, etc. Award winners are determined by a vote of primary contacts at each member firm.

## **Philadelphia Business Journal's Best Places to Work**

The Best Places to Work survey measures key areas that make up an organization's culture. These range from compensation and benefits to trust in senior leadership. The survey also measures the level of engagement exhibited by employees, known as employee engagement. Each question on the Best Places to Work survey is associated with a response option; each response option is associated with a numerical value. The survey uses these numerical values to profile employees and calculate an overall score, which is used to determine each organization's rank.

## **SmartX Awards**

Winners were chosen in 16 categories from among 725 strategies available on the SMARtX UMA platform based on annual performance data for the period ending December 30, 2020. Strategies were recognized for highest performances, best risk-adjusted returns, and the most amount of assets across various asset classes and investment methodologies.



# Lipper Award Disclosure

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Lower-quality bonds, known as high-yield bonds or "junk bonds," present a significant risk for loss of principal and interest. These bonds offer the potential for higher return, but also involve greater risk than bonds of higher quality. The lower the credit rating of a security, the greater the risk is that the issuer will default on its obligation. The value of the Fund's investments in fixed income securities and derivatives will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities and derivatives owned by the Fund.

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The Refinitiv Lipper Awards, formerly known as the Thomson Reuters Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see [liperalpha.financial.thomsonreuters.com/lipper](http://liperalpha.financial.thomsonreuters.com/lipper) Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

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