Live From Philly:

How to Avoid the Top Five Mistakes of Estate Planning

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Wealth Planning: Services Overview

Clark Capital's wealth planning capabilities are designed to help you grow your business and enhance the high net worth experience you provide to your clients. Full access to our suite of comprehensive wealth planning services is available to client households exceeding $10 million, at no additional cost to the advisor and client.

Trust and Estate Planning

We partner with financial advisors and their clients to analyze existing estate plans and recommend additional strategies to address wealth transfer, asset protection, tax considerations, and other planning goals.

We also work collaboratively with clients' legal and tax advisors to create and implement effective wealth transfer strategies that are aligned with their clients' goals.

Strategic Tax Management

We provide customized strategies that help advisors and their clients proactively plan for income tax, gift tax, and estate tax implications. By strategically managing their tax liabilities, clients can help reduce their current and future tax burdens, while preserving and growing their wealth.

Concentrated Position Planning

Our team provides personalized guidance to financial advisors and their clients on issues related to both public and private concentration in equity positions. We help develop strategies for asset location, diversification, leveraging charitable giving, and liquidity management to manage risks associated with concentrated positions.

Philanthropic Planning

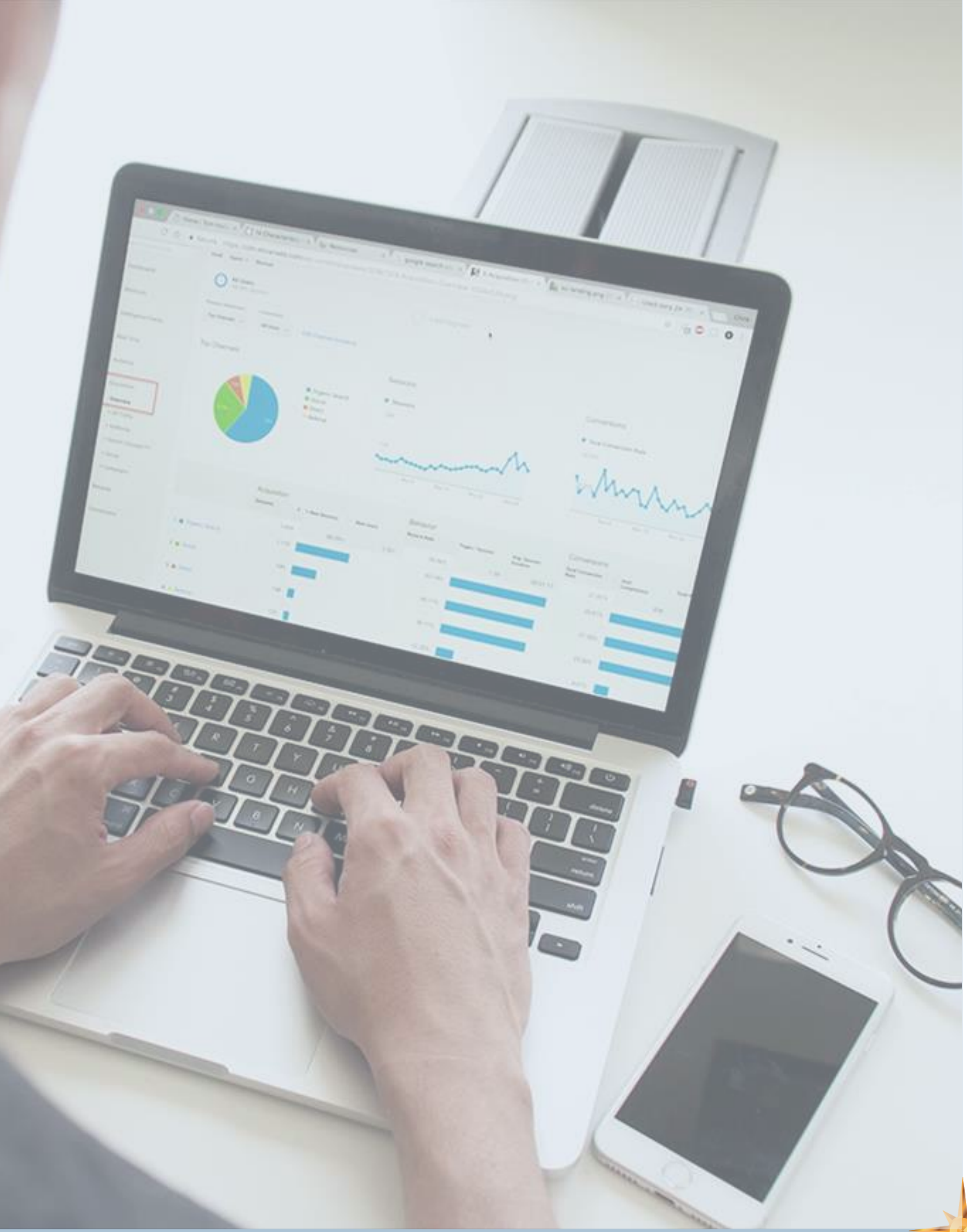
We help clients develop a personalized strategy that aligns with their values and helps maximize their impact. Our team leverages expertise in a broad range of philanthropic vehicles, such as donor-advised funds, private foundations, and charitable trusts, to help clients achieve their philanthropic goals.

Business Succession Planning

Our team helps clients navigate the complex process of business succession planning, whether it involves transferring ownership to family members, selling to a strategic buyer, or transitioning to employees via an employee stock ownership plan (ESOP). The result is a comprehensive plan that helps ensure a smooth and successful transition.

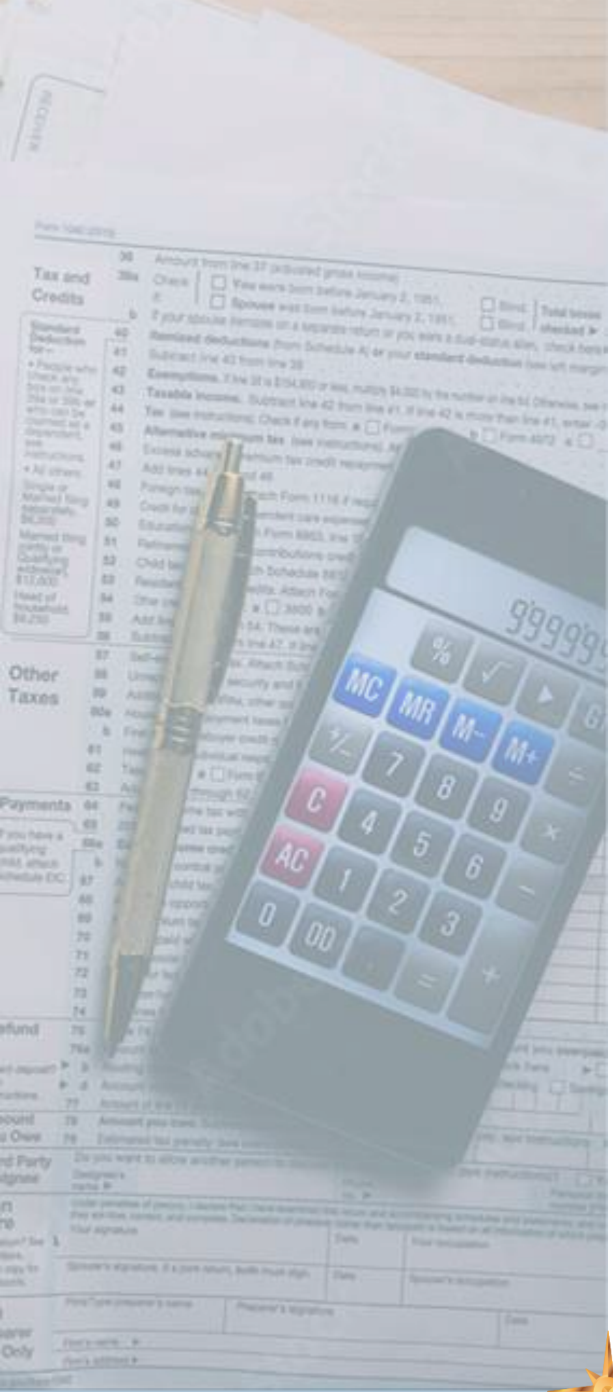
Equity Compensation Planning

Our team helps clients navigate the complexities of equity compensation. We specialize in assisting clients with stock options (ISOs and NQSOs), restricted stock units (RSUs), incentive units (ISOs), phantom stock, 83(b) elections, and other customized methods of stock-based compensation.



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



Not Understanding the Rules and Taxation Related to Equity Compensation

Incentive Stock Options

- No taxation at vest
- No ordinary income or capital gains at exercise
- AMT at exercise
- Capital gains taxation at sale

Non-Qualified Stock Options

- No taxation at vest
- Ordinary income at exercise
- Capital gains at sale

Restricted Stock Units

- Amount of shares are static at award
- Taxation at vest
- Capital gains at sale

Incentive Stock Units

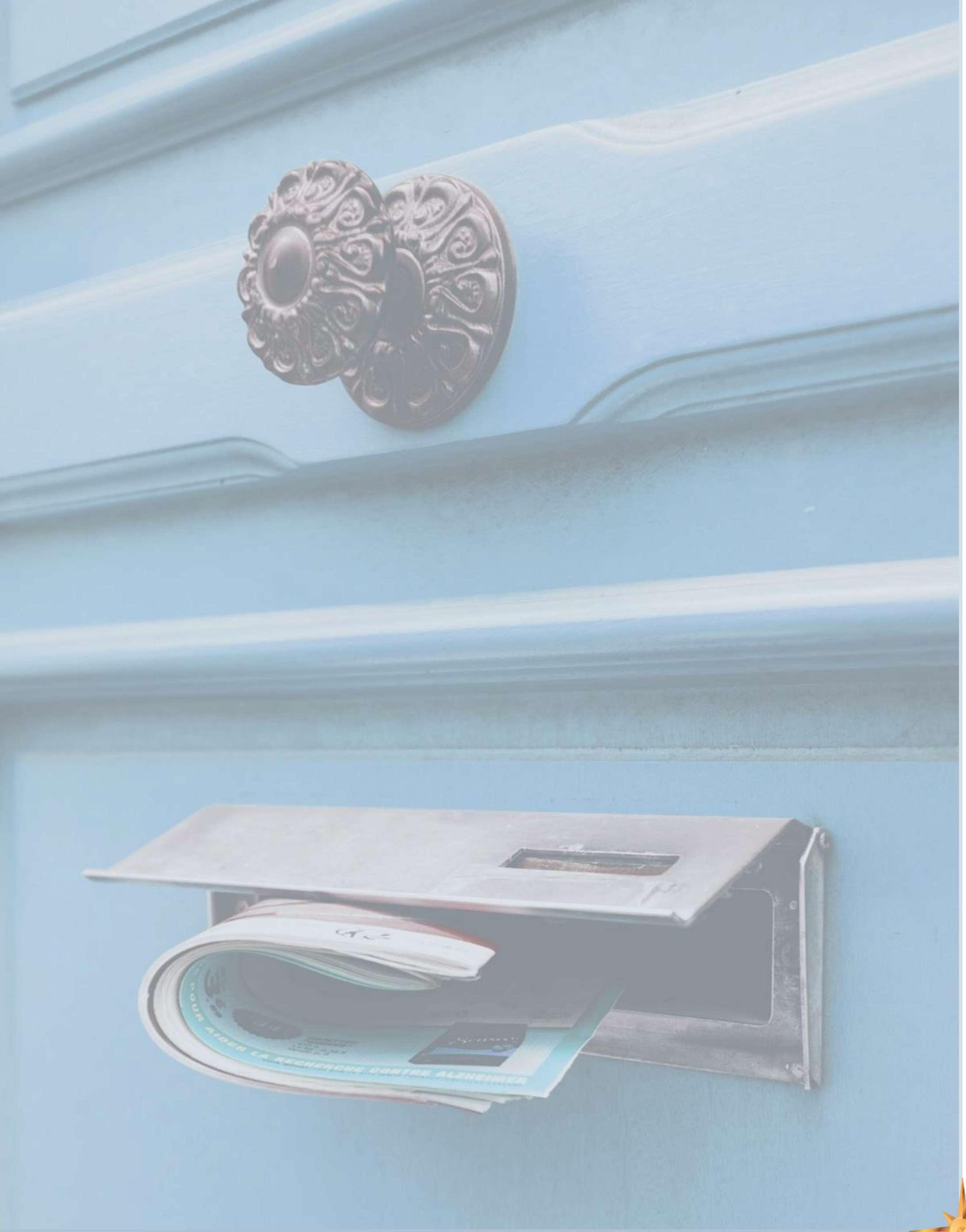
- Amount of shares are variable based upon performance
- Taxation at vest
- Capital gains at sale

This is not tax advice. Check with your Tax Professional for tax strategies specific to your circumstances.

5. Giving Charities Cash as Opposed to Appreciated Assets

- When gifted, appreciated assets get a Fair Market Value (FMV) deduction and the embedded capital gains are not recognized by the Donor or the charity
- An individual can contribute up to 30% of their AGI in appreciated assets. Excess contributions can be rolled forward for 5 years
- Donor Advised Funds (DAFs) allow for the giving of appreciated assets to any 501(c)(3) charity

This is not legal advice and is not a comprehensive list of possible techniques. Please consult your legal counsel for advice related to your particular circumstances.



4. Waiting Until a Letter-of-Intent is Incoming Before Discussing Liquidity Event Planning

- Short-term pre-liquidity planning and post-liquidity planning is not as effective as long-term pre-liquidity event planning
- Advisors should have an ongoing conversation with business owners that covers the following topics:

  - When do you want to sell?
  - How long do you want to keep working?
  - What is your corporate structure?
  - How will you get paid?
  - Who will be the buyer?
  - What type of sale is it?

There are important tax and legal considerations when selling a business. Please consult your tax and legal professionals for advice before selling your business.

3. Forgetting Annual Exclusion Gifting *($17,000 Per Person in 2023)*

- The exclusion resets every year
- Use of the exclusion does not use any of a person's lifetime gift and estate tax exemption ($12.98 million in 2023)
- Using an Irrevocable Trust with a Crummey Provision allows for a donor to control how the assets are invested and distributed

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2. Waiting Until You Are Over the Estate Tax Limit to Start the Estate Planning/Wealth Transfer Process

- Estate planning/wealth transfer is a multi-step process that can take years
- Some techniques take 10+years to complete
- The longer the runway, the more options are available
- Most clients don't understand the concept of the time value of money

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1. Not Sharing a Complete Picture of Your Wealth With Your Advisor

- Holistic planning requires full disclosure, even of assets that will not be managed
- No one likes running into the wash sale rule by accident
- The estate and wealth planning process is a discovery process that often uncovers assets and situations that advisors were unaware of

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