

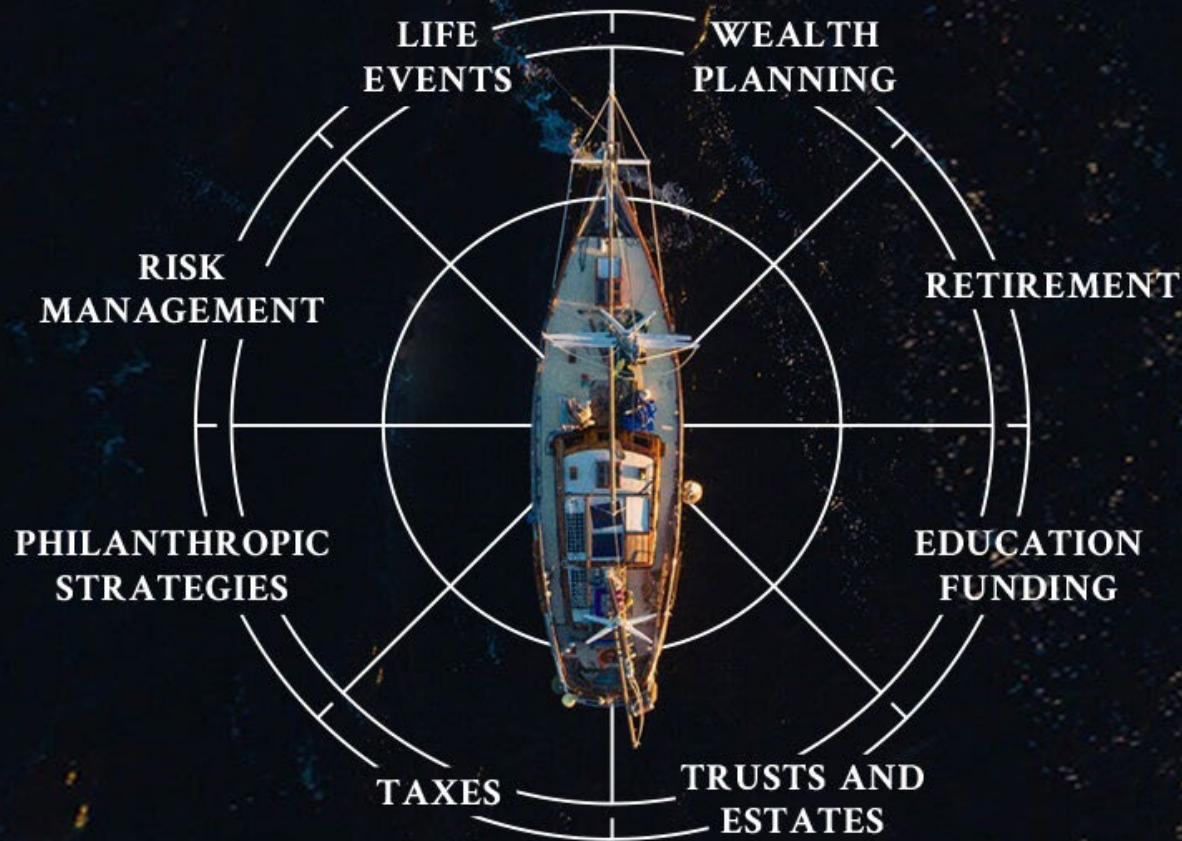
A scenic winter landscape featuring a snow-covered road that leads towards a dark blue fjord. The sky is a clear, vibrant blue with a few wispy white clouds. The snow is bright white, and the overall scene is peaceful and expansive.

Planning for the Future

2021

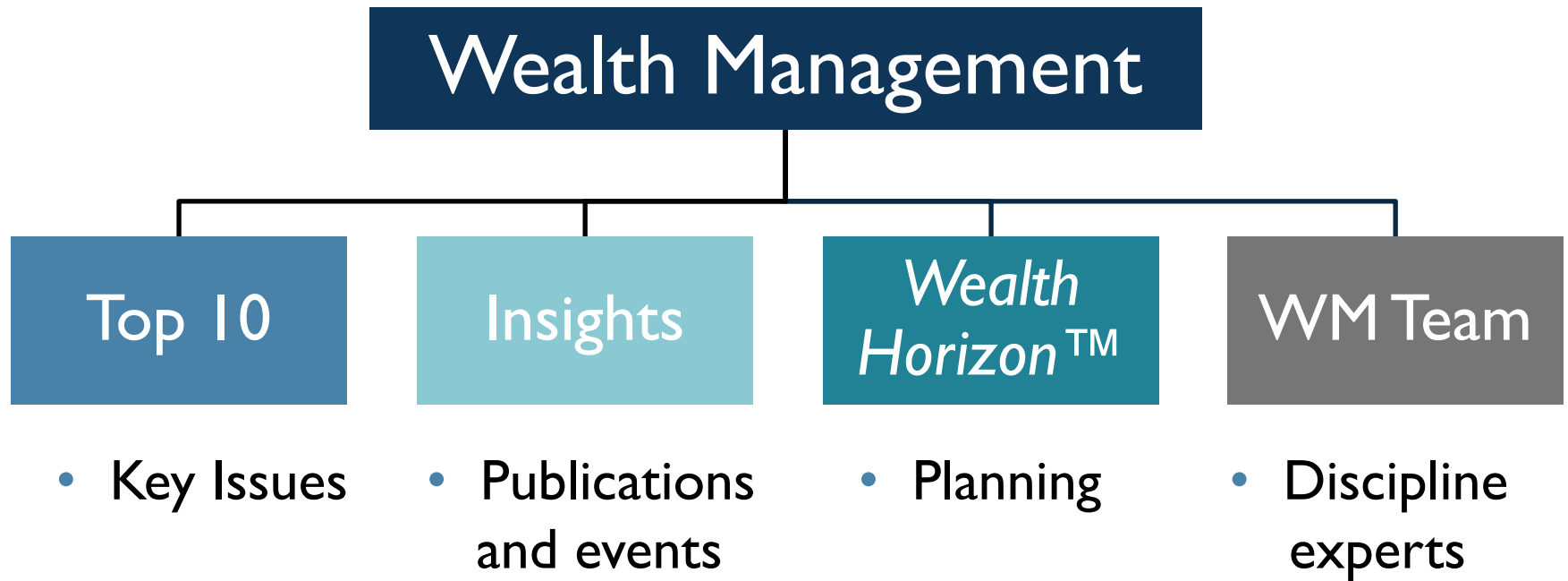
Wealth Management Insights Forum

Helping Clients Navigate Financial and Life Decisions



In collaboration with clients' other professional partners

Wealth Management Anchors



Wealth Management Team



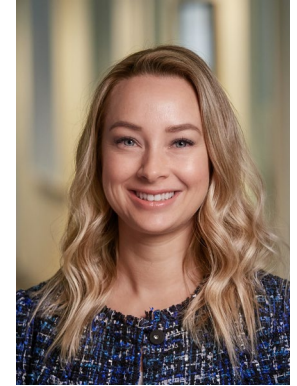
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Today's Agenda and Presenters

- Financial spring cleaning
- Tax policies to watch for from the new administration
- Strategic savings and spending priorities
- Simple steps toward establishing a wealth plan
- Q&A



Financial Spring Cleaning

- Review, update balance sheet and budget
- Replenish three-to-six months of emergency cash
- Plan for retirement contributions or distributions
- Evaluate risk/return profile and asset allocation
- Conduct insurance review



Financial Spring Cleaning

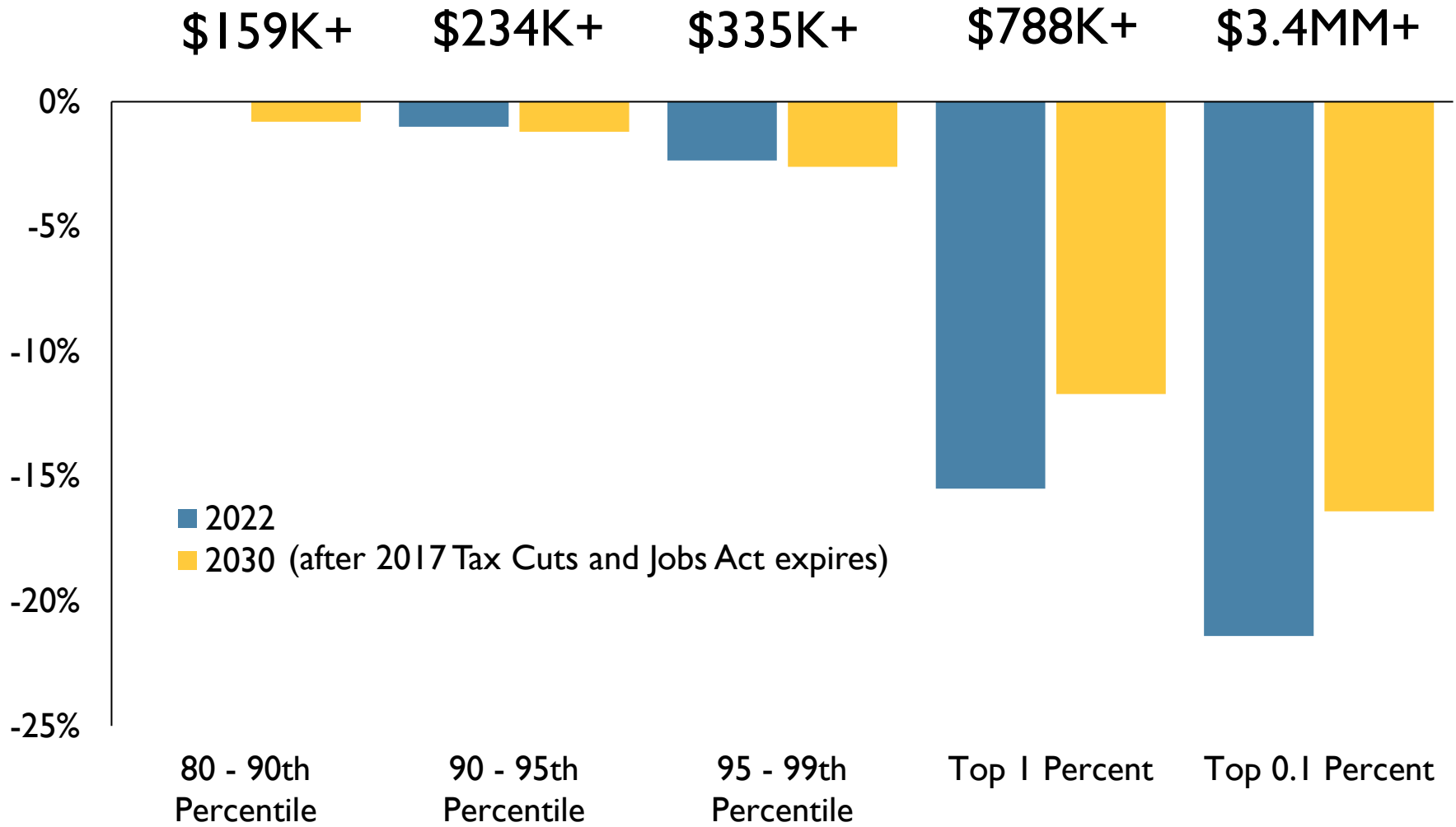
- Review beneficiaries of life insurance, retirement and estate plans
- Organize, purge paper records
- Establish secure offsite backup of critical files
- Check credit report and maximize card benefits
- Consider debt refinance

Proposed Tax Policies to Watch For



- Income and estate tax proposals
- Details and timing unclear
- Strategies to consider with your CPA

Percent Change in After-Tax Income Under Proposed Tax Plan



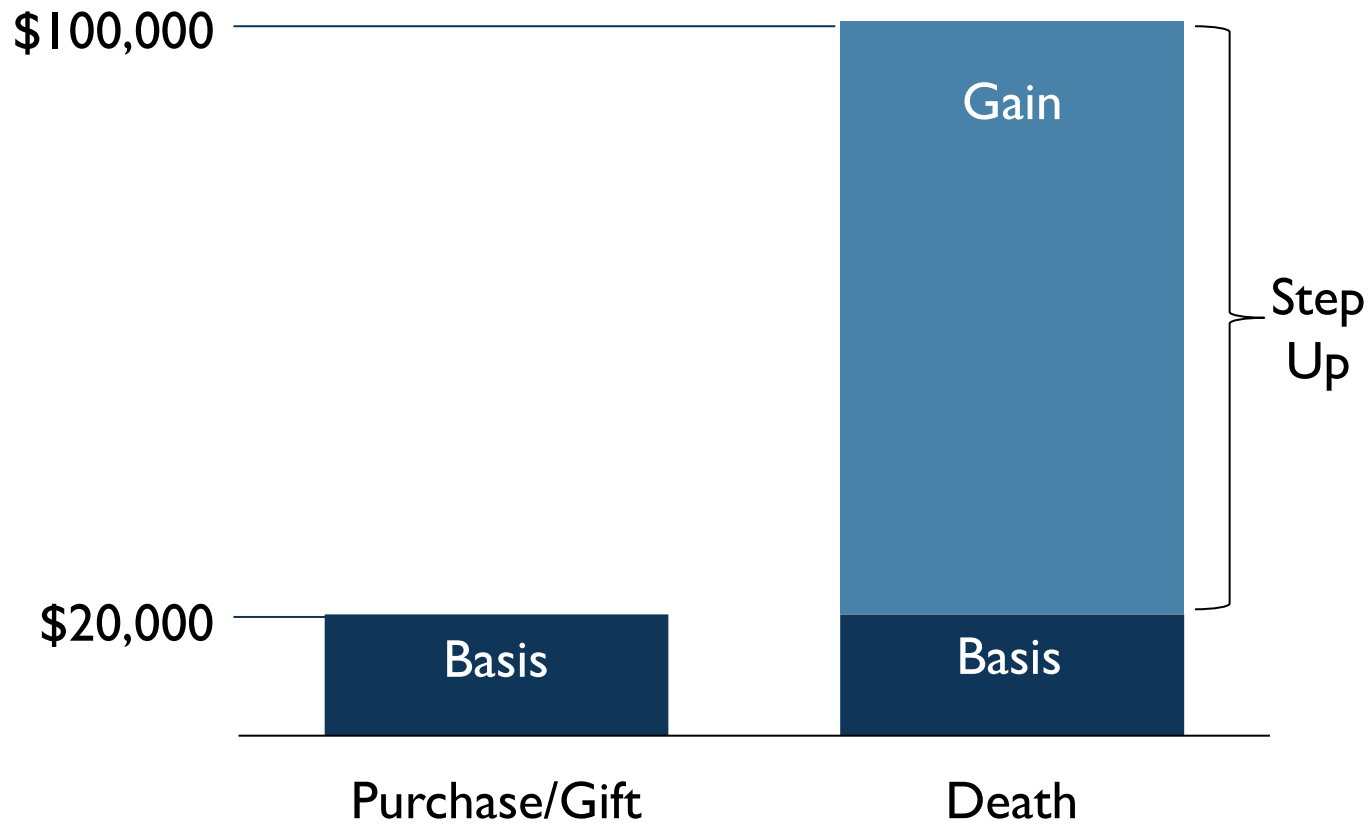
Source: Tax Policy Center

Potential Tax Increases Individuals

Everyone

- Caps itemized deductions tax benefit at 28 percent of value
- Switch to 26 percent credit for retirement contribution, rather than deduction
- Annual tax on unrealized gains
- Eliminates step-up in cost basis at death

What is “Basis” and “Step-Up”?



Potential Tax Increases Individuals

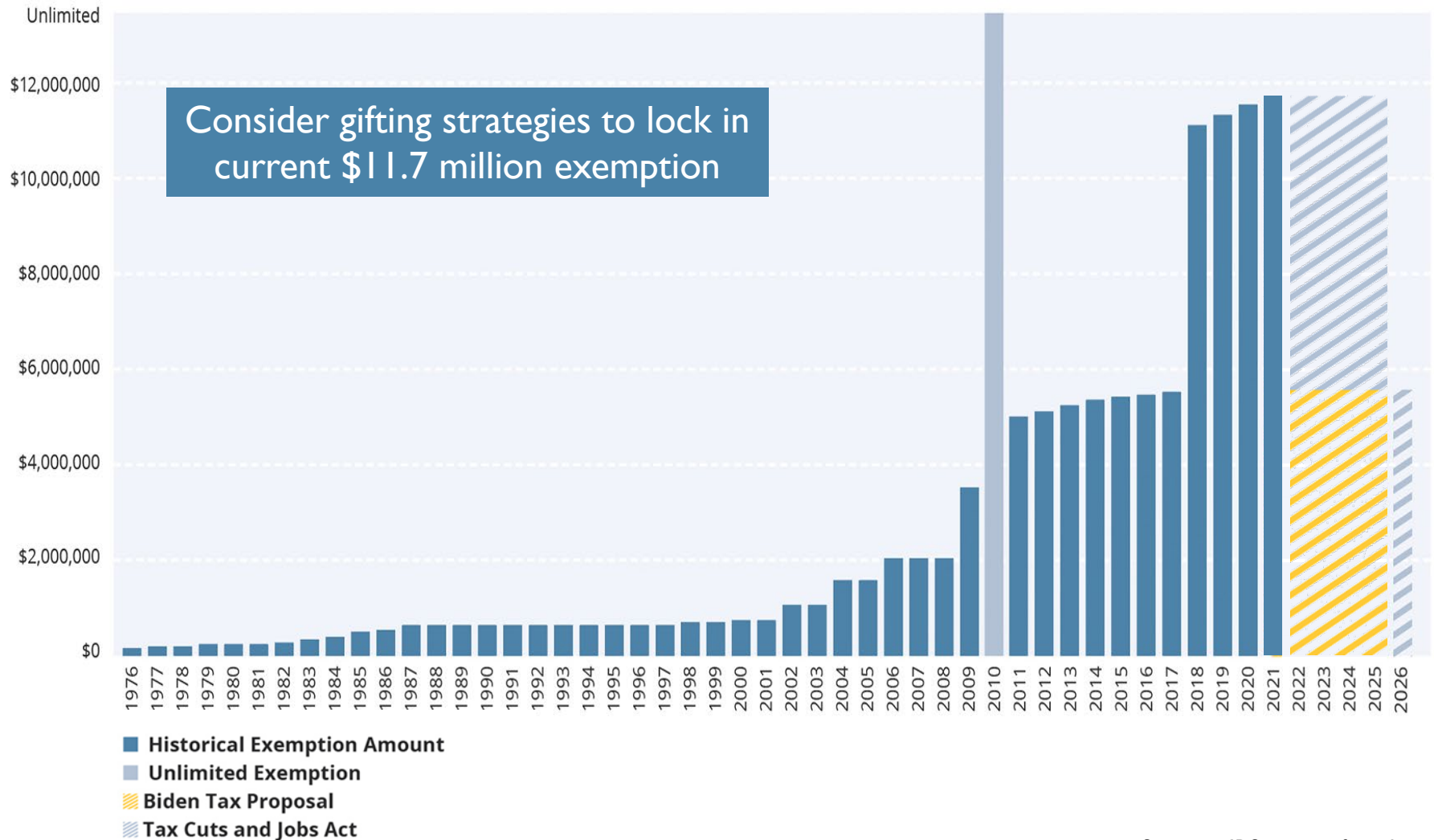
Greater than \$400,000 in income

- Raises the top marginal income tax rate to 39.6 percent (from 37 percent)
- Reinstate the Pease limitation, reducing the benefit of itemized deductions
- Dividends and capital gains taxed at 39.6 percent (over \$1 million – maybe)
- Social Security tax (12.4 percent) would apply to all wages over \$400,000 in addition to amounts under \$142,800
- Eliminates 1031 like-kind exchange for real estate
- Eliminates 20 percent pass-through deduction for qualified business income

Strategies to Consider With Your CPA

- Accelerating capital gains
- Defer capital losses
- Installment sales of appreciated assets
- Accelerate planned 1031 real estate exchanges
- Evaluate timing of itemized deductions
- Review charitable donation plans
- Evaluate Roth IRA conversions and retirement contributions

Federal Estate-Tax Exemption Through History



Sources: IRS.gov; taxfoundation.org

Estate and Gift Tax Proposals

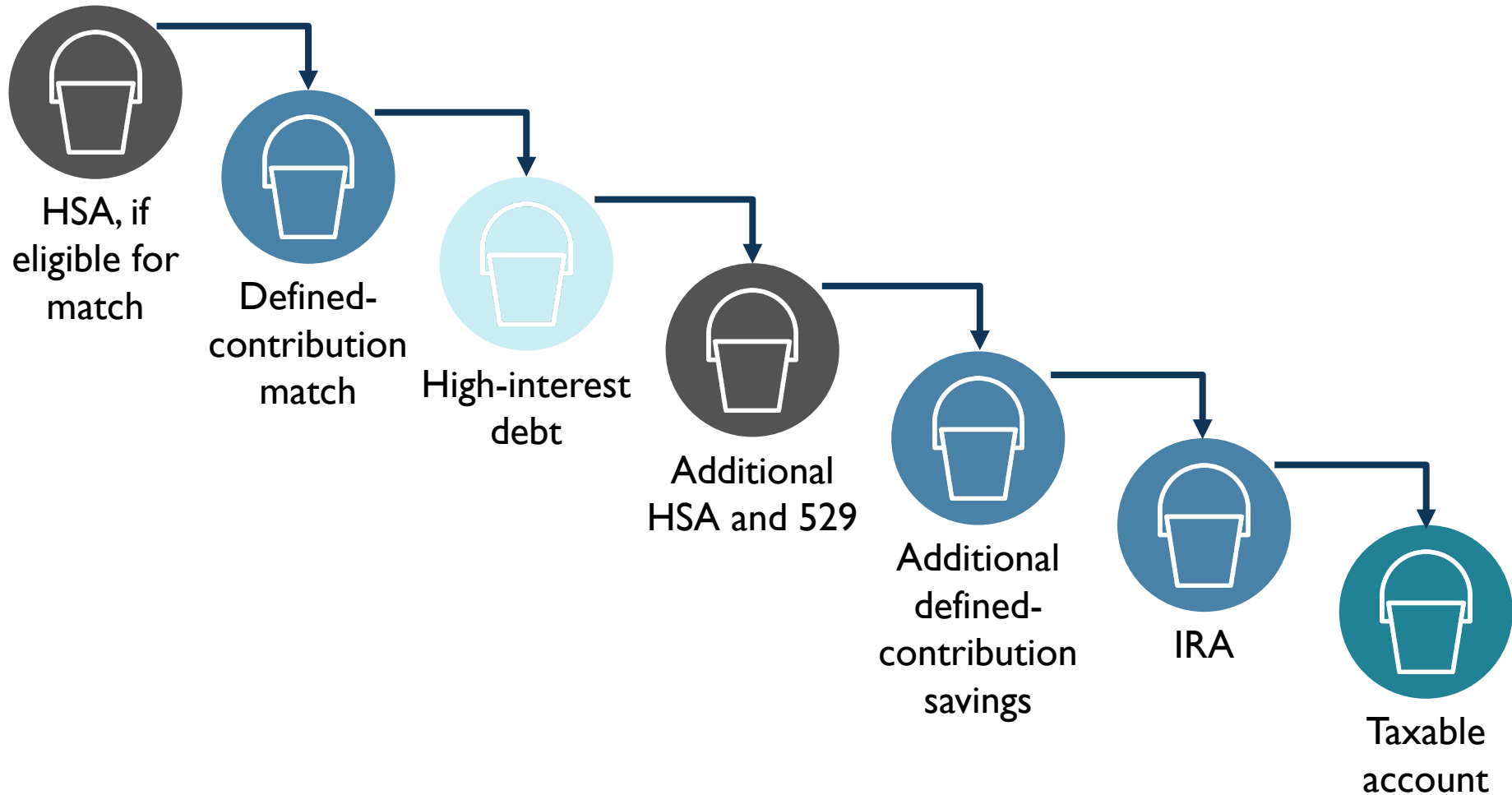
- Decreased lifetime exemption from \$11.7 to \$5 million or less
- Potential hike in the estate tax rate (currently 40 percent)
- Eliminate step-up in basis at death
- Trigger capital gains tax at death
- Restrict other strategies:
 - Limit valuation discounts
 - GRAT benefits

Tax-Advantaged Investing

	Tax-deductible contributions/ investments	Tax-deferred account growth	Taxation of withdrawals
Pre-tax 401(k) traditional IRA	●	●	Taxable (ordinary income tax)
Roth 401(k) / IRA		●	Tax-free qualified withdrawals
After-tax 401(k) / non-deductible traditional IRA		●	Taxable investment returns (ordinary income tax)
Taxable portfolio		Unrealized gains	Capital gains and income taxable when realized
Health savings accounts (HSAs)	●	●	Tax-free qualified healthcare expenses

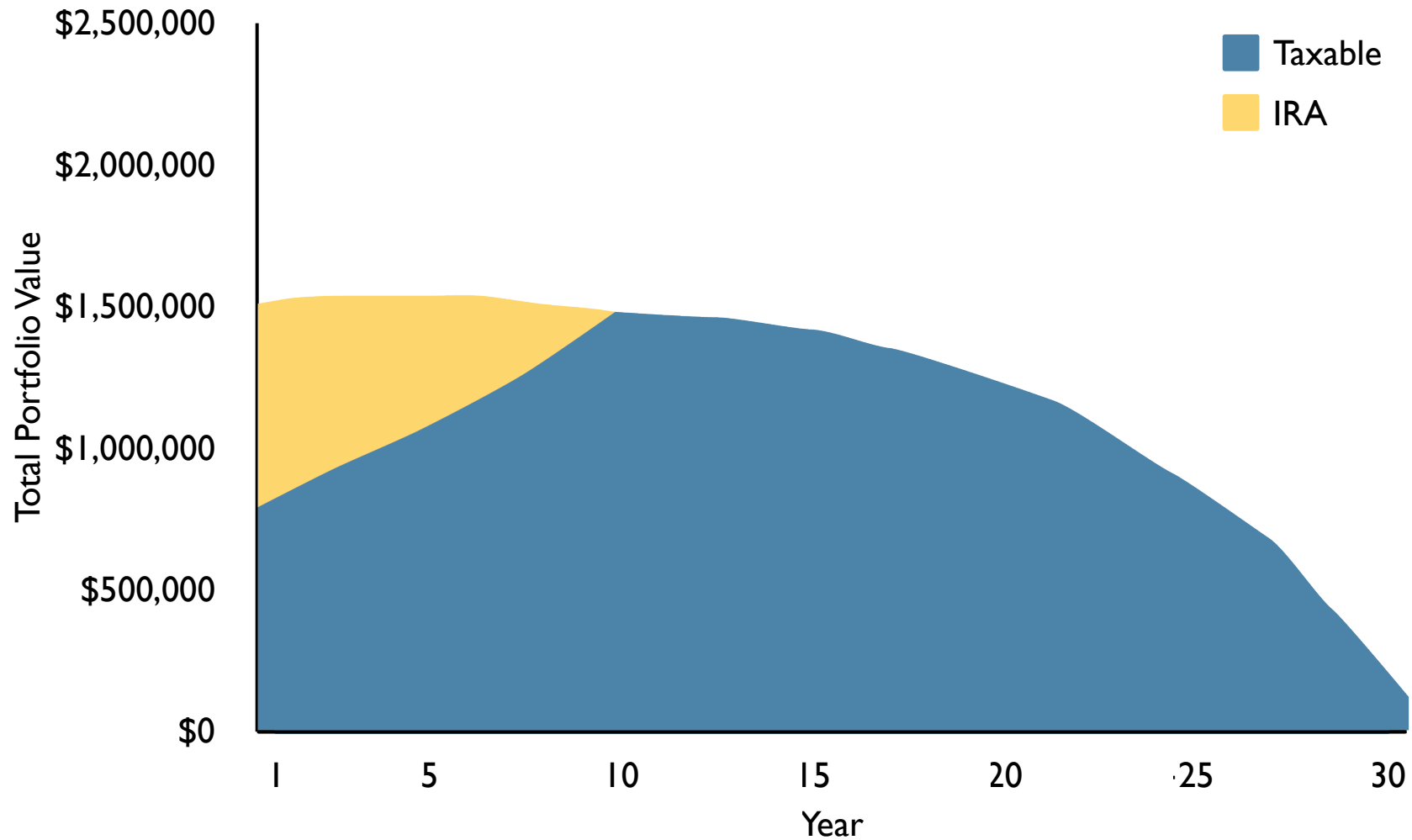
Source: J.P. Morgan Guide to Retirement

Tax-Efficient Savings Strategies



Total Portfolio Value

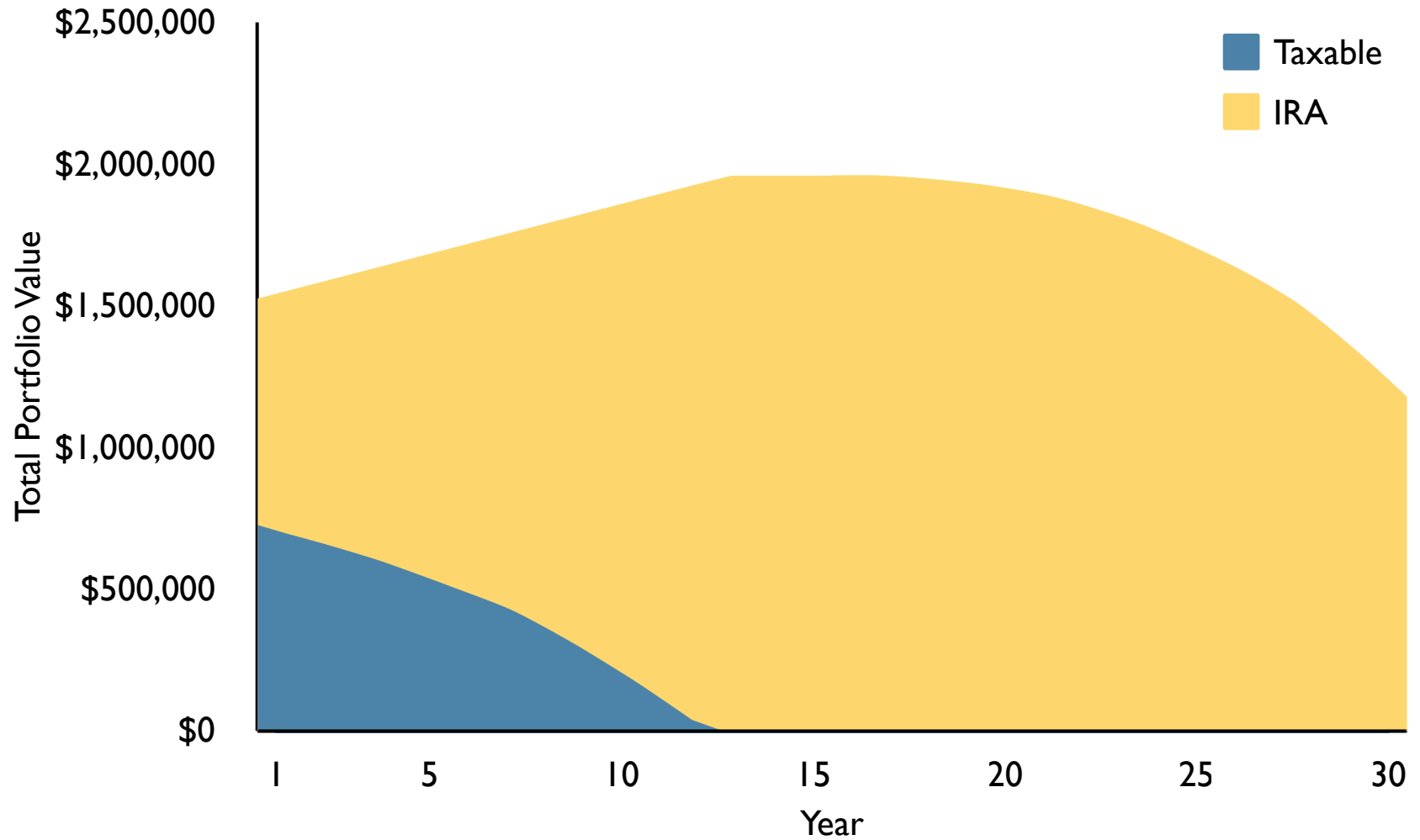
Spending IRA Account First, then Taxable Account



Source: Michael Kitces

Total Portfolio Value

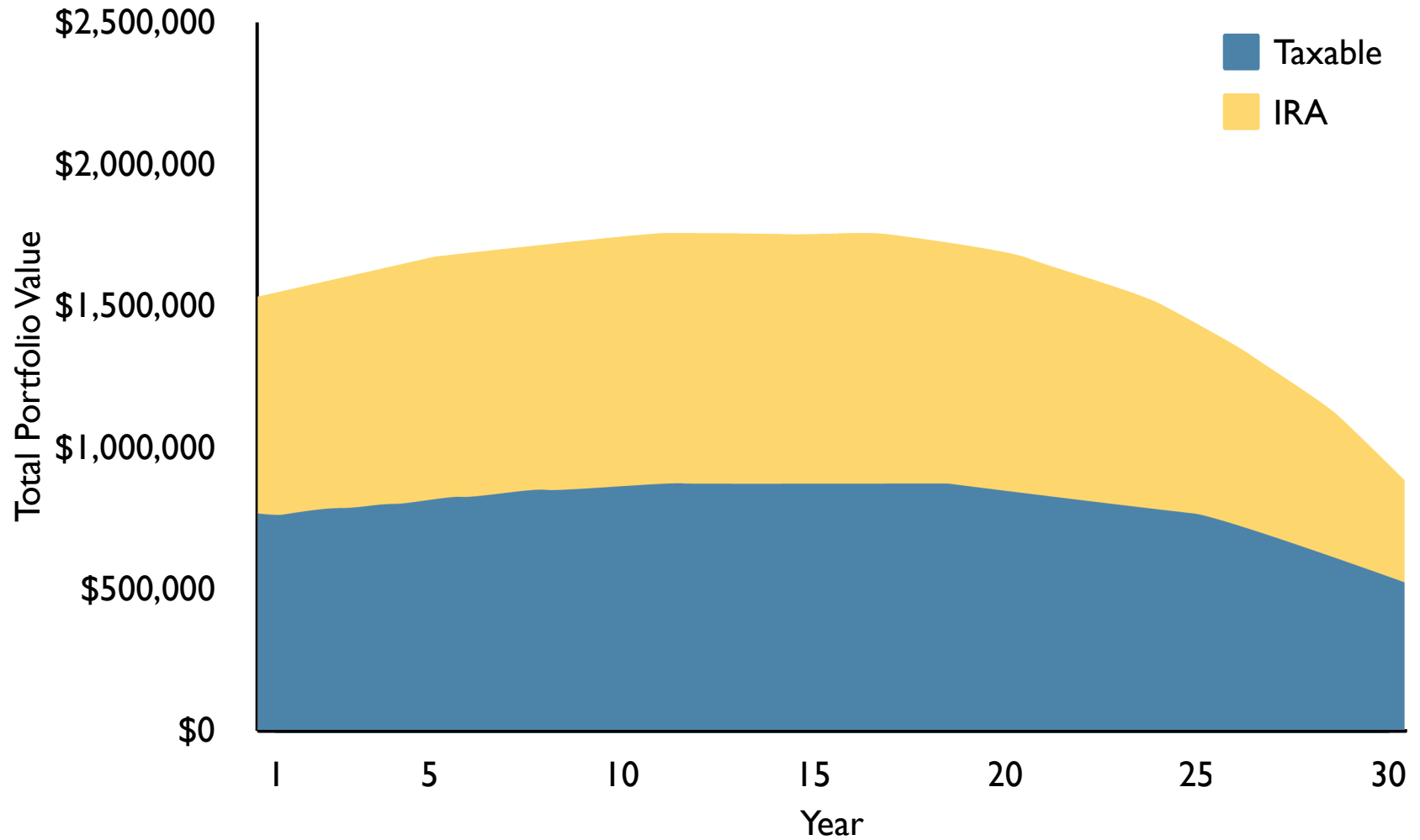
Spending Taxable Account First, then IRA



Source: Michael Kitces

Total Portfolio Value

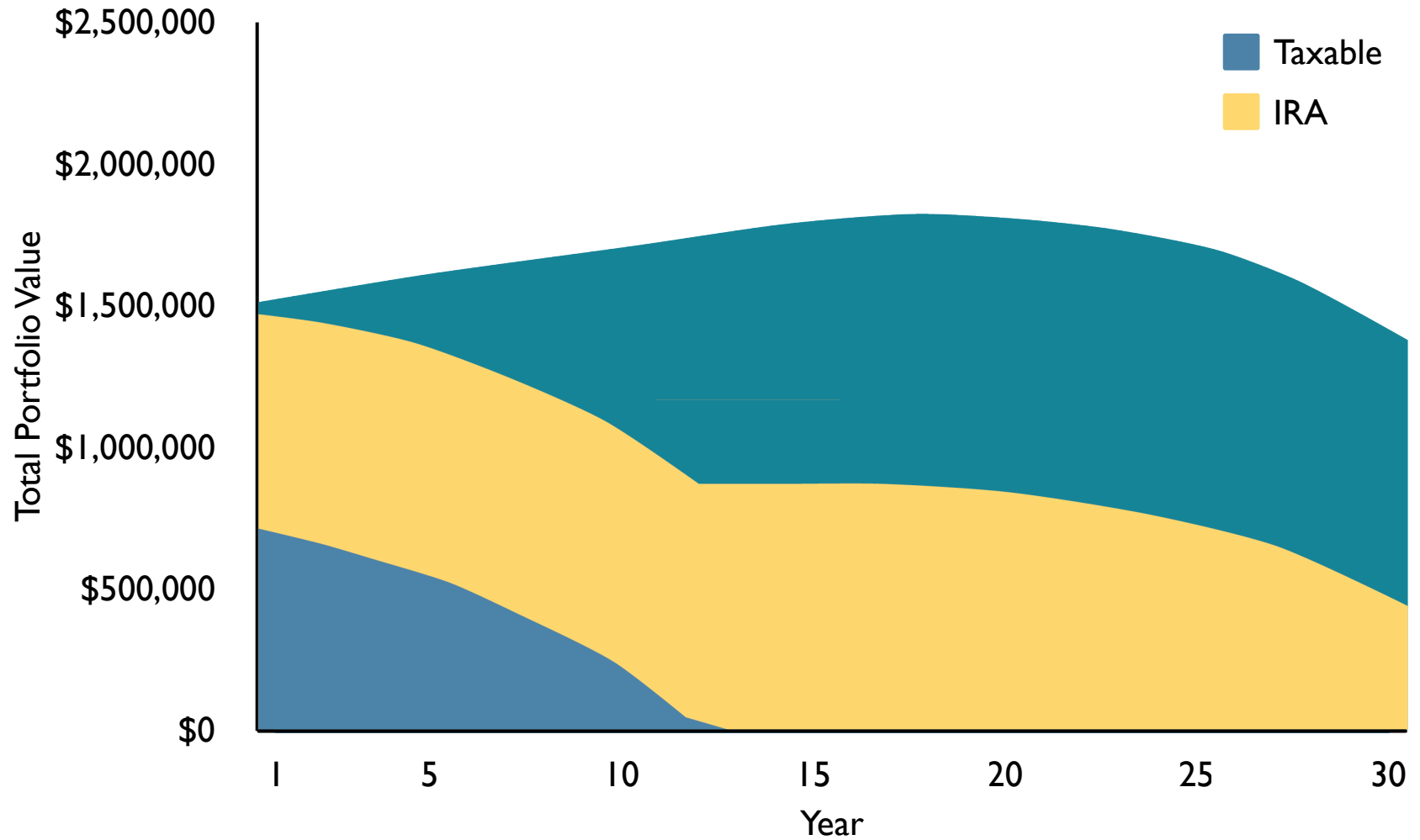
Spending IRA and Taxable Account Evenly



Source: Michael Kitces

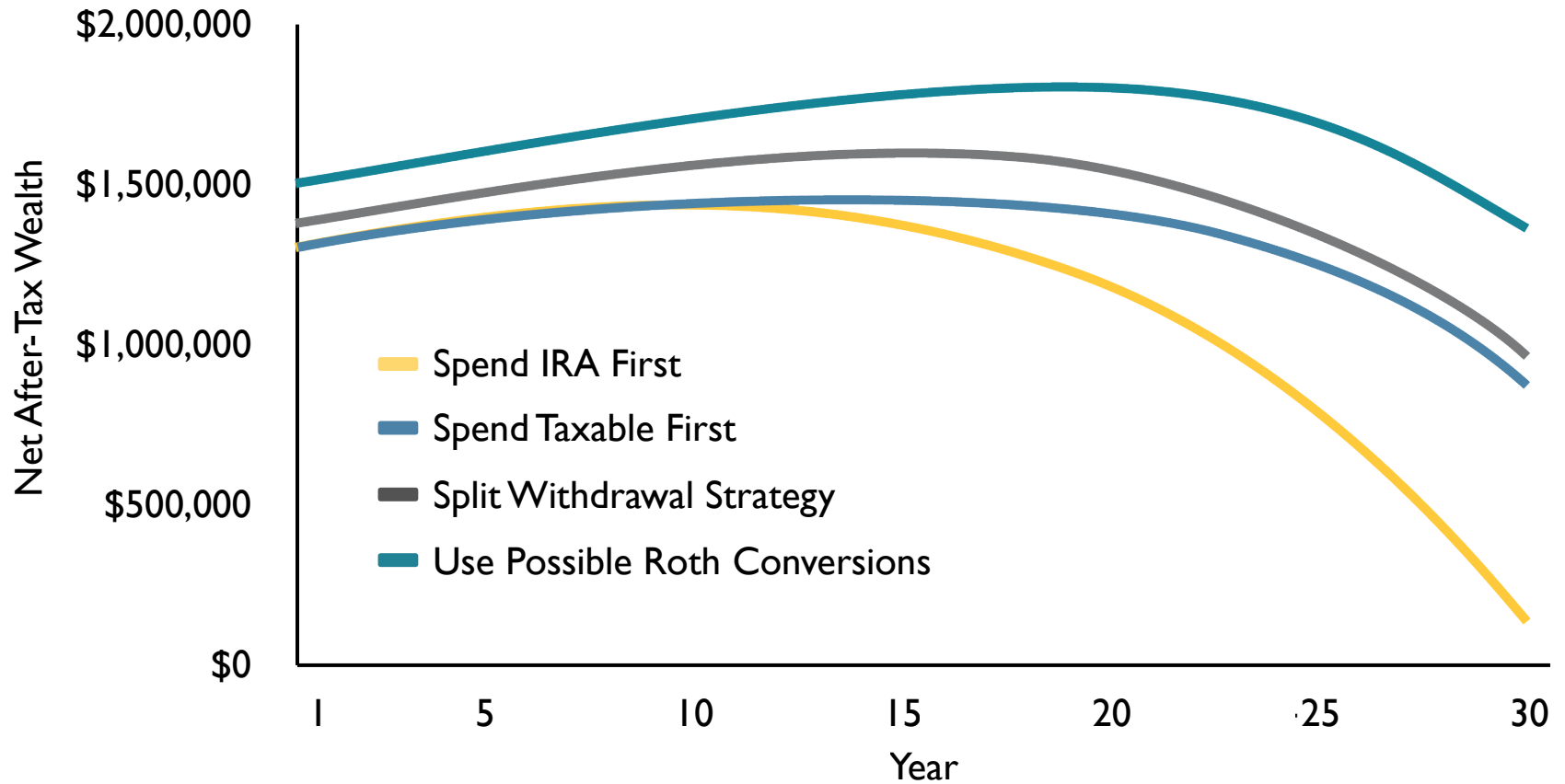
Total Portfolio Value

Spending with Partial Roth IRA Conversions



Source: Michael Kitces

After-Tax Wealth of Various Spending Strategies

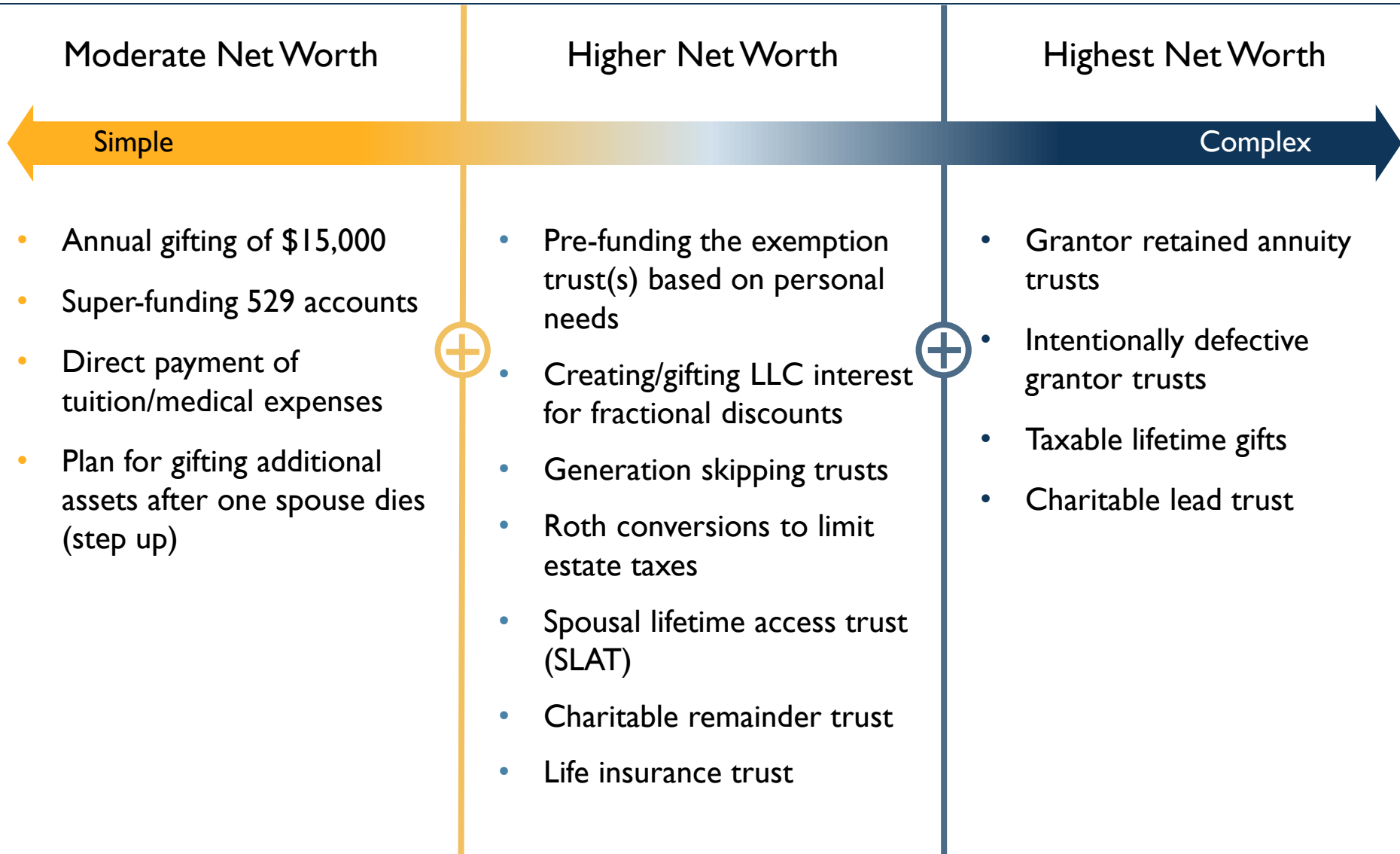


Source: Michael Kitces

Gifting to Mitigate Estate Taxes

Annual and other exclusions	Annual exclusion: \$15,000 per recipient
Federal lifetime exemption	\$11.7 million
Avoid state estate tax	Lifetime giving generally avoids state <i>gift</i> tax
“Freeze” the value	Gifts are valued on the day they are completed
Explore potential discounts	Fractional ownerships may be eligible for discounted valuation
Balance estate tax versus future income taxes	Individuals take carry-over cost basis in gifted assets
Inclusive versus exclusive tax calculations	Gift taxes are generally preferable to estate taxes

Spectrum of Lifetime Giving

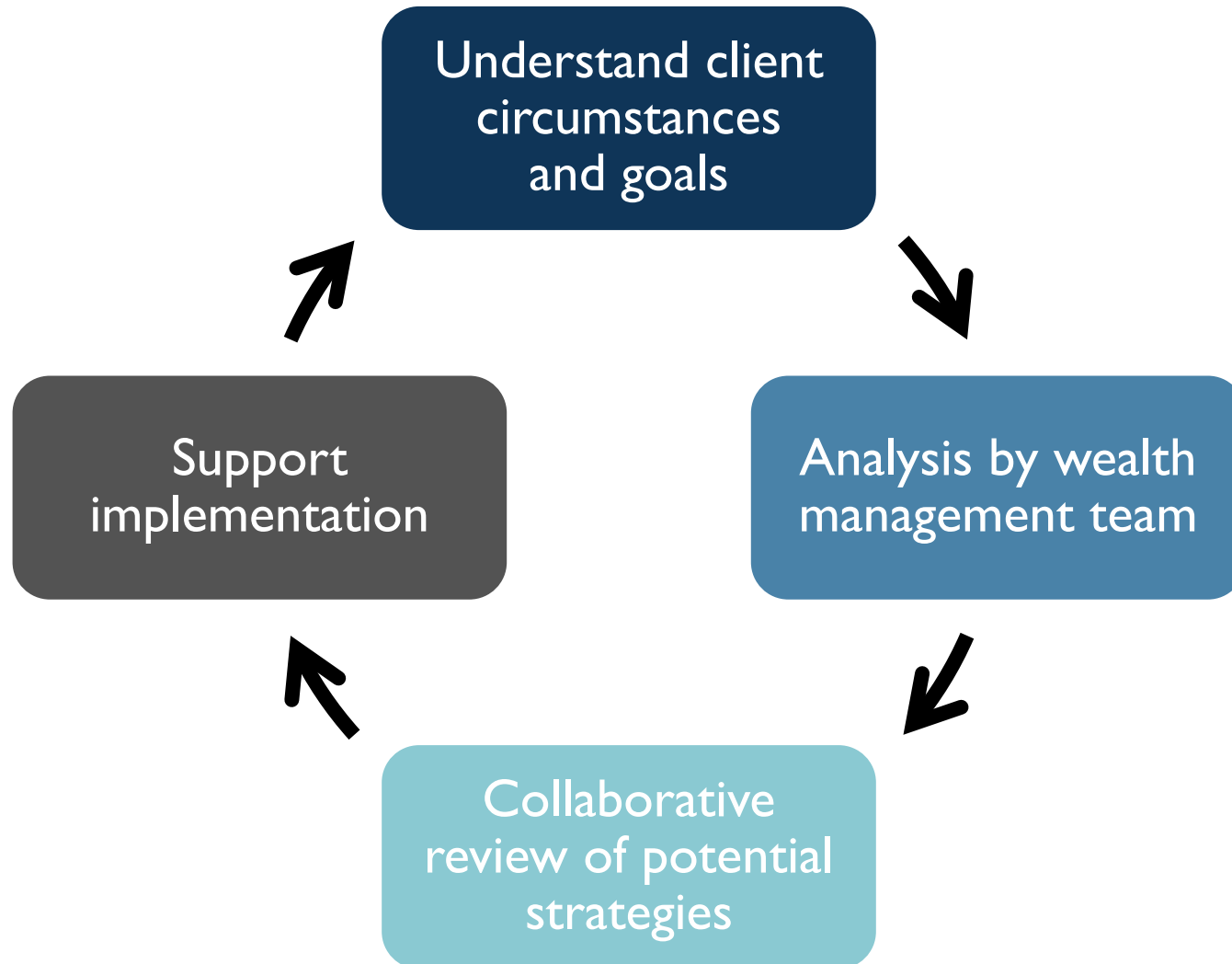


Planning with *Wealth Horizon*™

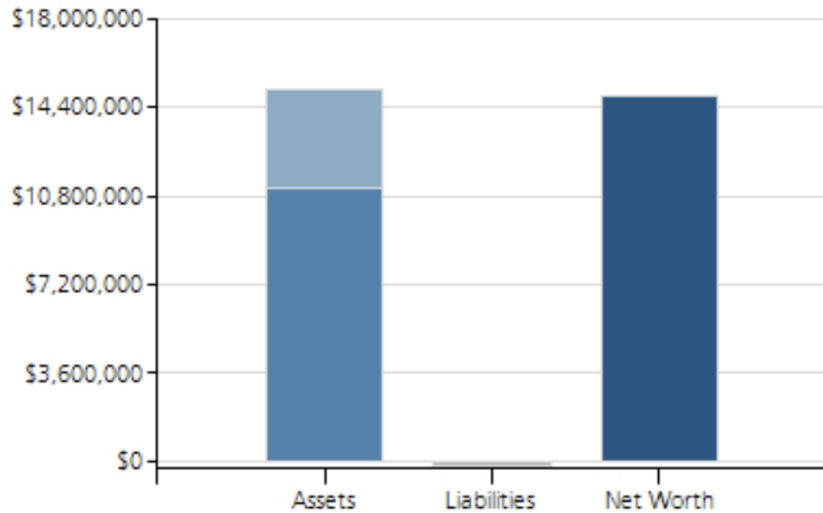
Providing Clarity and Direction

- Asset allocation
- Sustainable spending
- Estate planning
- Education savings
- Evolving net worth
- Long-term care
- Retirement planning
- Gifting to family
- Philanthropic strategies
- Social Security
- Large purchases and sales (business, real estate, concentrated stock)

Getting Started with a *Wealth Horizon*TM



Net-Worth Summary



Investment Assets		\$11,080,000
Other Assets	+	\$4,000,000
Total Assets		\$15,080,000
Total Liabilities	-	\$200,000
Net Worth		\$14,880,000

Description	Total
Investment Assets	
Individual Retirement Accounts	\$5,000,000
Taxable and/or Tax-Free Accounts	\$6,000,000
College Saving Plans	\$80,000
Total Investment Assets:	\$11,080,000
Other Assets	
Home and Personal Assets	\$3,000,000
Business and Property	\$1,000,000
Total Other Assets:	\$4,000,000
Liabilities	
Personal Real Estate Loan:	\$200,000
Total Liabilities:	\$200,000
Net Worth:	\$14,880,000

Source: MoneyGuideElite®

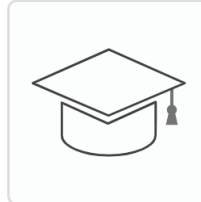
Summary of Spending Goals

Needs



**Retirement –
Basic Living Expense**

Wants



**College –
Grandchild #1**

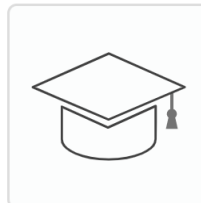
Wishes



**Annual Gift –
Child #1**



Healthcare



**College –
Grandchild #2**



**Annual Gift –
Child #2**



Travel

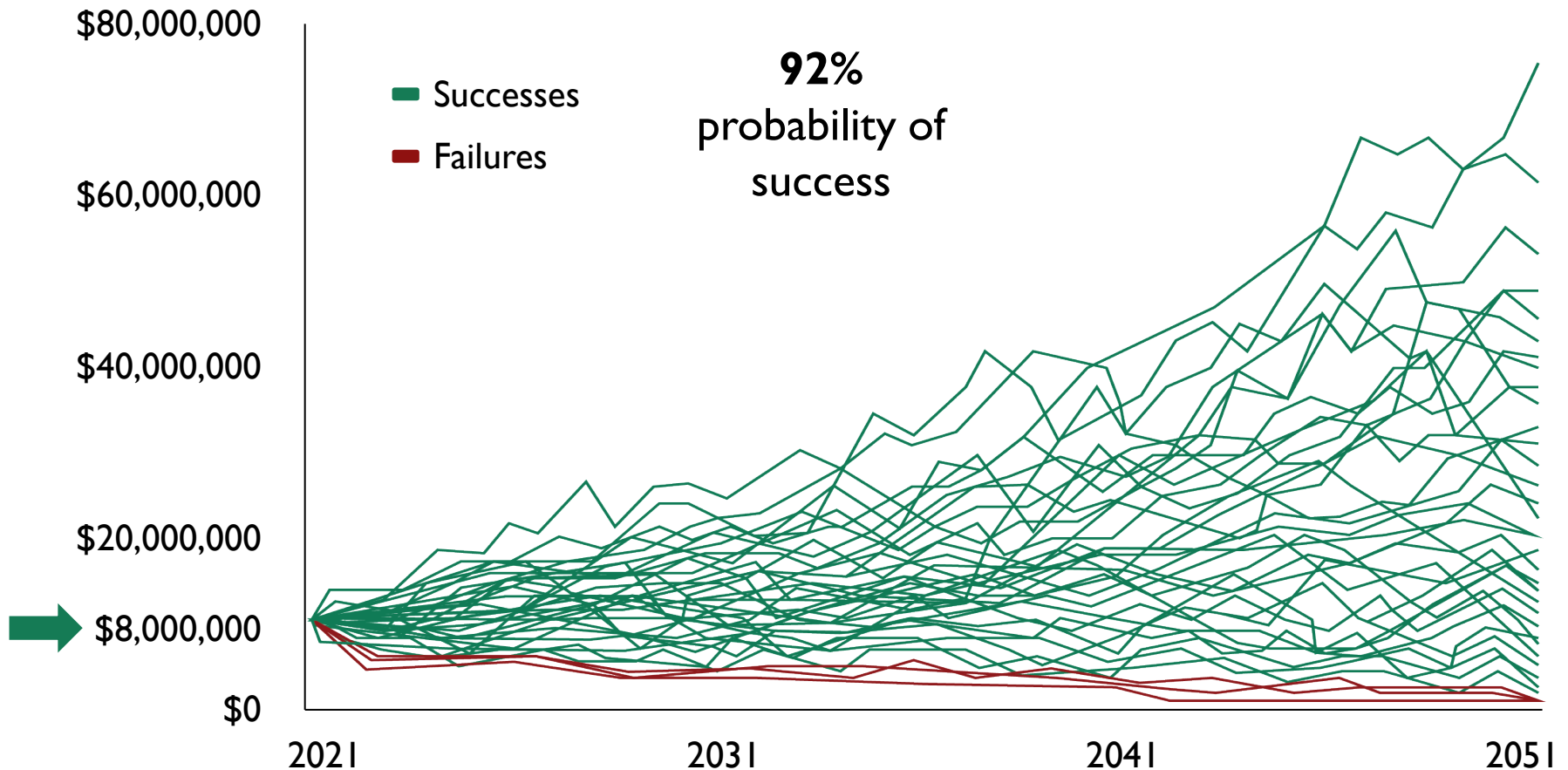


**Annual
Charitable
Donation**

Source: MoneyGuideElite®

Monte Carlo Analysis

Portfolio Stress Test: Helping Clients Understand Their Ability to Fund Goals



Source: MoneyGuideElite®

Evaluating Spending with *Wealth Horizon*™

Base Spending



Annual spending:

\$200,000

*Estimated ending portfolio value:

\$9,998,652

Increased Spending



\$225,000

\$8,962,725

Decreased Spending



\$175,000

\$11,032,070

- In today's dollars based on an average annual return of 5.34%
- This example is for illustrative purposes only

Source: MoneyGuideElite®

Evaluating Portfolio Risk with *Wealth Horizon*™

65% Equities



Portfolio volatility:

Moderate

*Estimated ending portfolio value:

\$9,998,652

50% Equities



Lower

\$6,999,800

80% Equities



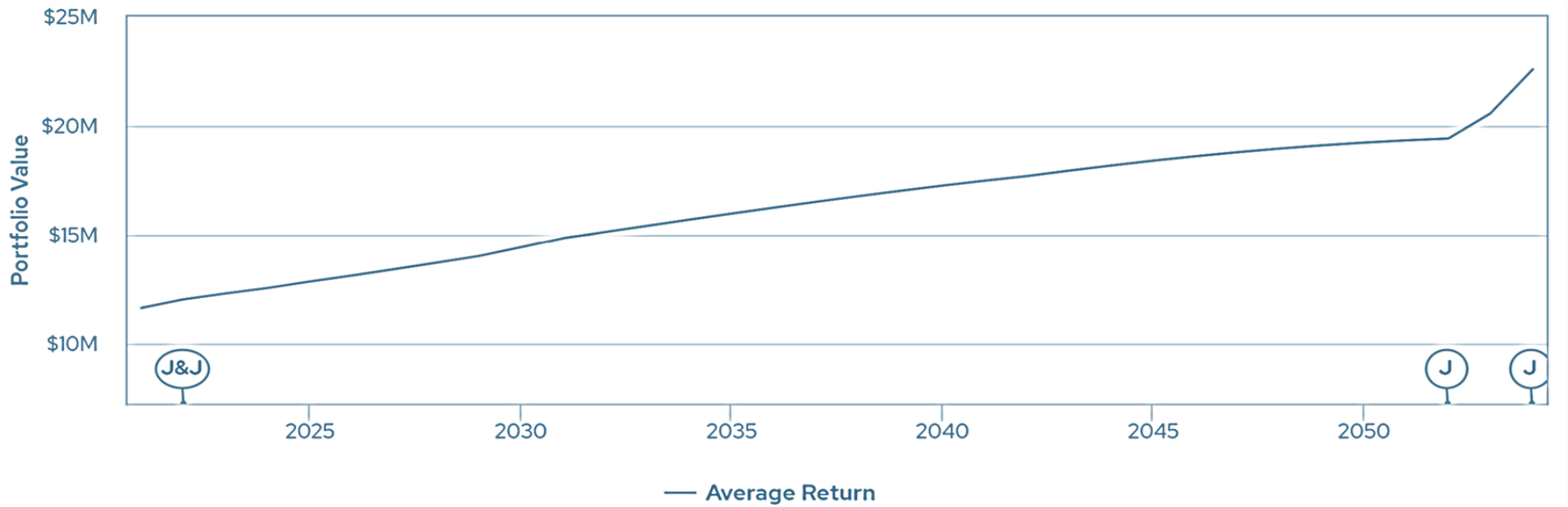
Higher

\$13,053,252

- In today's dollars based on an average annual return of 5.34%, 4.56% and 6.12% respectively
- Standard deviations are 11.06%, 8.20% and 13.98% respectively
- This example is for illustrative purposes only

Source: MoneyGuideElite®

Evolving Net Worth



Source: MoneyGuideElite®

Net-Worth Detail with Account Titling

Description	John	Jane	Joint	Total
Investment Assets				
Individual Retirement Accounts				
Jane Smith Traditional IRA		\$2,500,000		\$2,500,000
John Smith Traditional IRA	\$2,500,000			\$2,500,000
Taxable and/or Tax-Free Accounts				
Smith Joint Trust Account			\$6,000,000	\$6,000,000
College Saving Plans				
Grandchild #1 - 529 Savings Plan		\$40,000		\$40,000
Grandchild #2 - 529 Savings Plan		\$40,000		\$40,000
Total Investment Assets:	\$2,500,000	\$2,580,000	\$6,000,000	\$11,080,000
Other Assets				
Home and Personal Assets				
Portland Home			\$2,000,000	\$2,000,000
Sunriver Home			\$1,000,000	\$1,000,000
Business and Property				
Family Business			\$1,000,000	\$1,000,000
Total Other Assets:	\$0	\$0	\$4,000,000	\$4,000,000
Liabilities				
Personal Real Estate Loan:				
Mortgage			\$200,000	\$200,000
Total Liabilities:	\$0	\$0	\$200,000	\$200,000
Net Worth:				\$14,880,000

Source: MoneyGuideElite®

Navigating Financial and Life Events with Your Professional Team

An aerial photograph of a winding asphalt road that curves through a dense forest of green trees. The road forms a large, stylized 'S' or 'Z' shape. A small car is visible on the road in the middle-right section. The background is a dark green, textured area, possibly a close-up of the forest or a gradient overlay.

Start a Business

- Cash-flow planning
- Tax planning
- Continuity plan
- Life insurance

Loss of Loved One

- Post-mortem tax planning
- Cash-flow changes
- Incapacity concerns
- Healthcare decisions

Marriage

- Prenup
- Estate plans
- Joint budget
- Tax changes

Children

- Estate plans
- Name a guardian
- College savings
- Life insurance

Retire, Sell a Business

- Tax efficiency
- Succession planning
- Social Security

Disclosure

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You should consult qualified professionals to understand how this information may, or may not, apply specifically to you.