

Our Disclosures

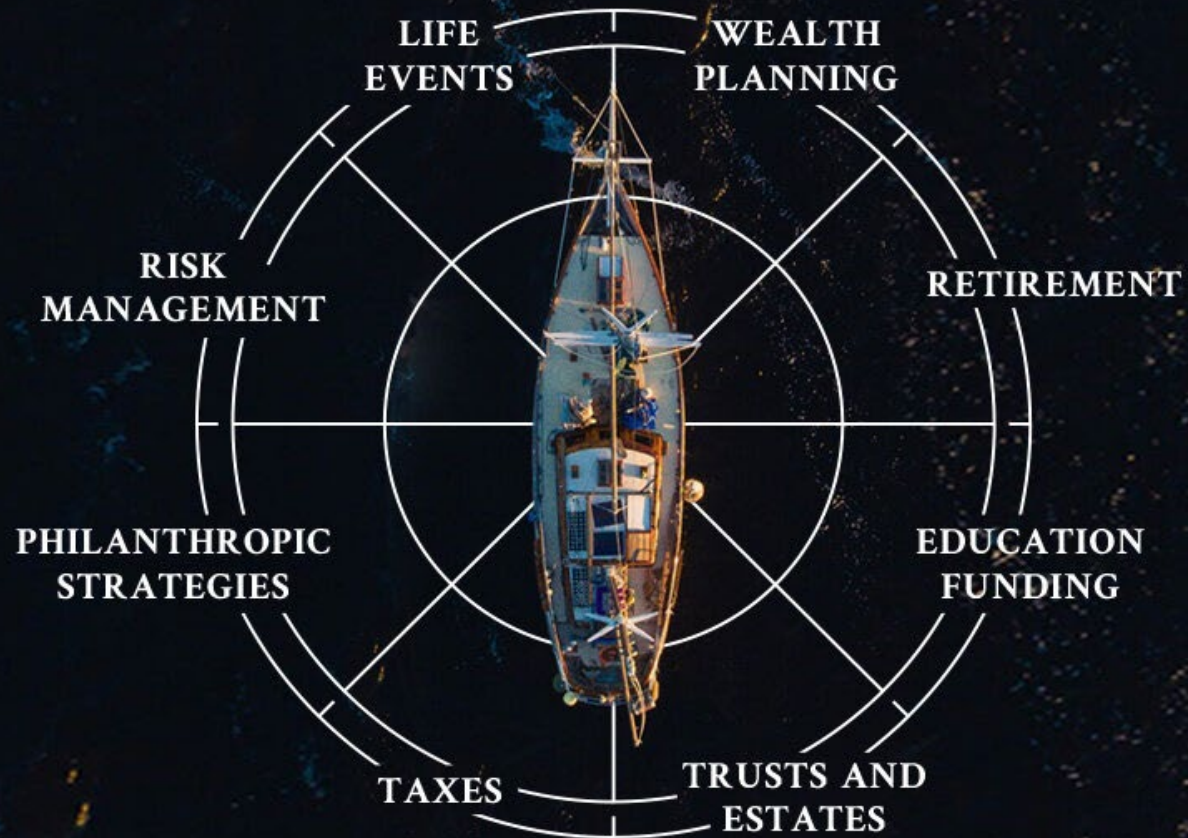
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Managing Wealth Through Transitions

Wealth Management Insights Forum
Spring 2022

Helping Clients Navigate Financial and Life Decisions



In collaboration with your professional partners

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Today's Agenda and Presenters

- Impact of Longevity and Inflation on Wealth Planning
- How Asset Ownership Affects the Transfer of Wealth
- IRA Beneficiary Considerations
- Updates to Education Funding Best Practices
- Q&A



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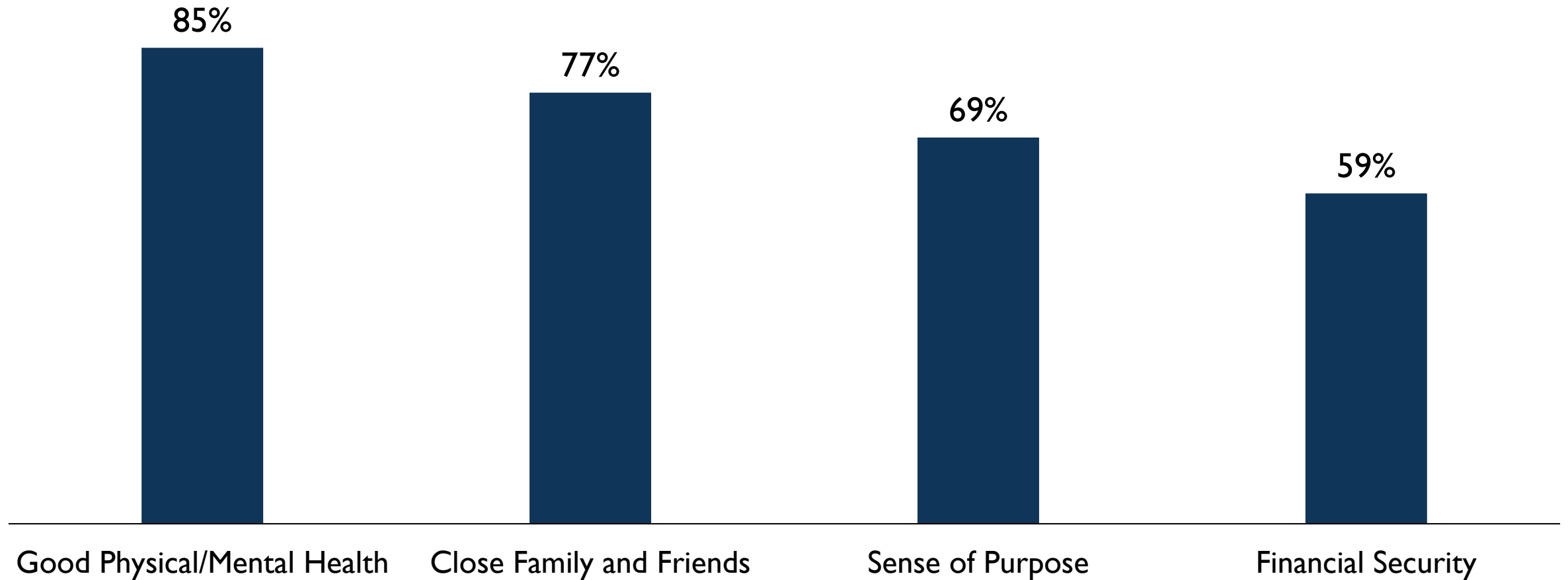


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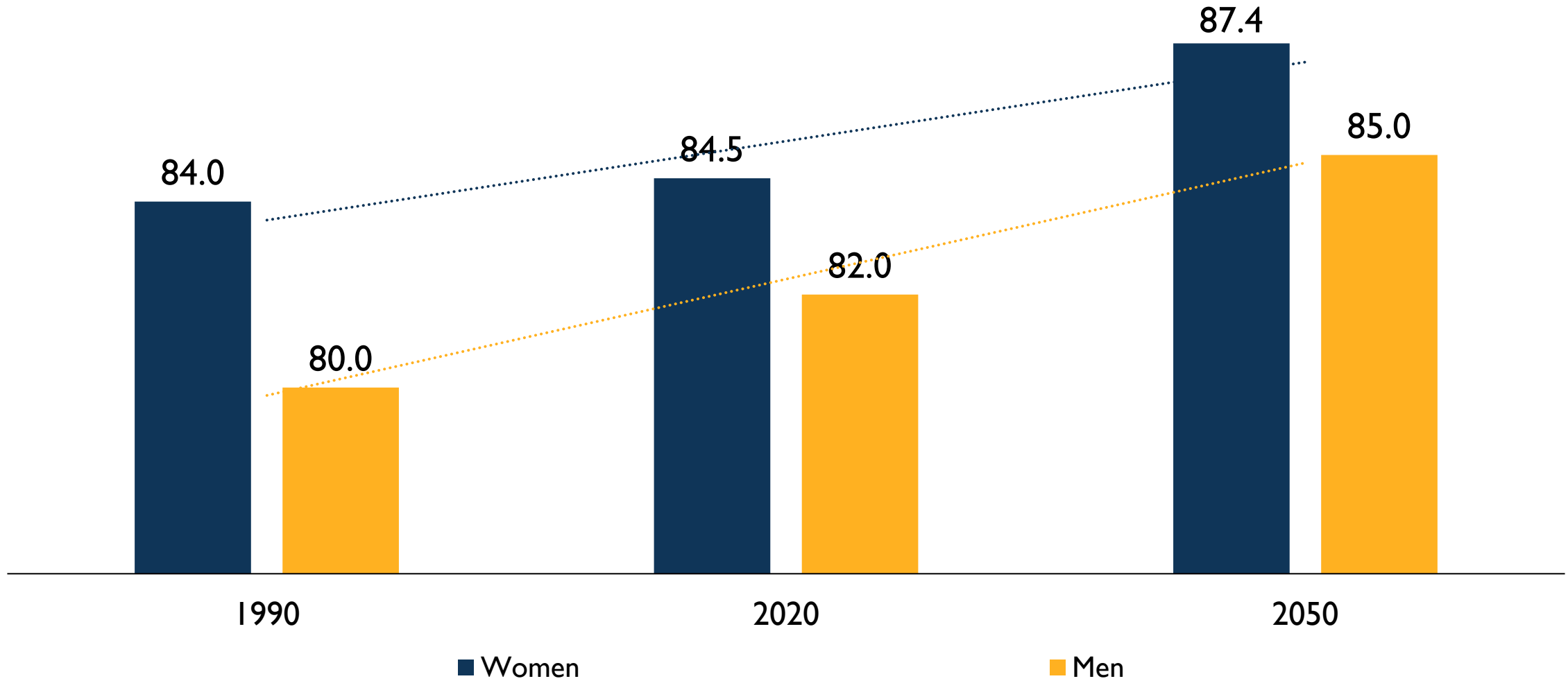
Pillars of a Fulfilling Retirement



Percentage of retired Americans who stated the components below were important to optimal well-being

*Source: Age Wave, Edward Jones and the Harris Poll

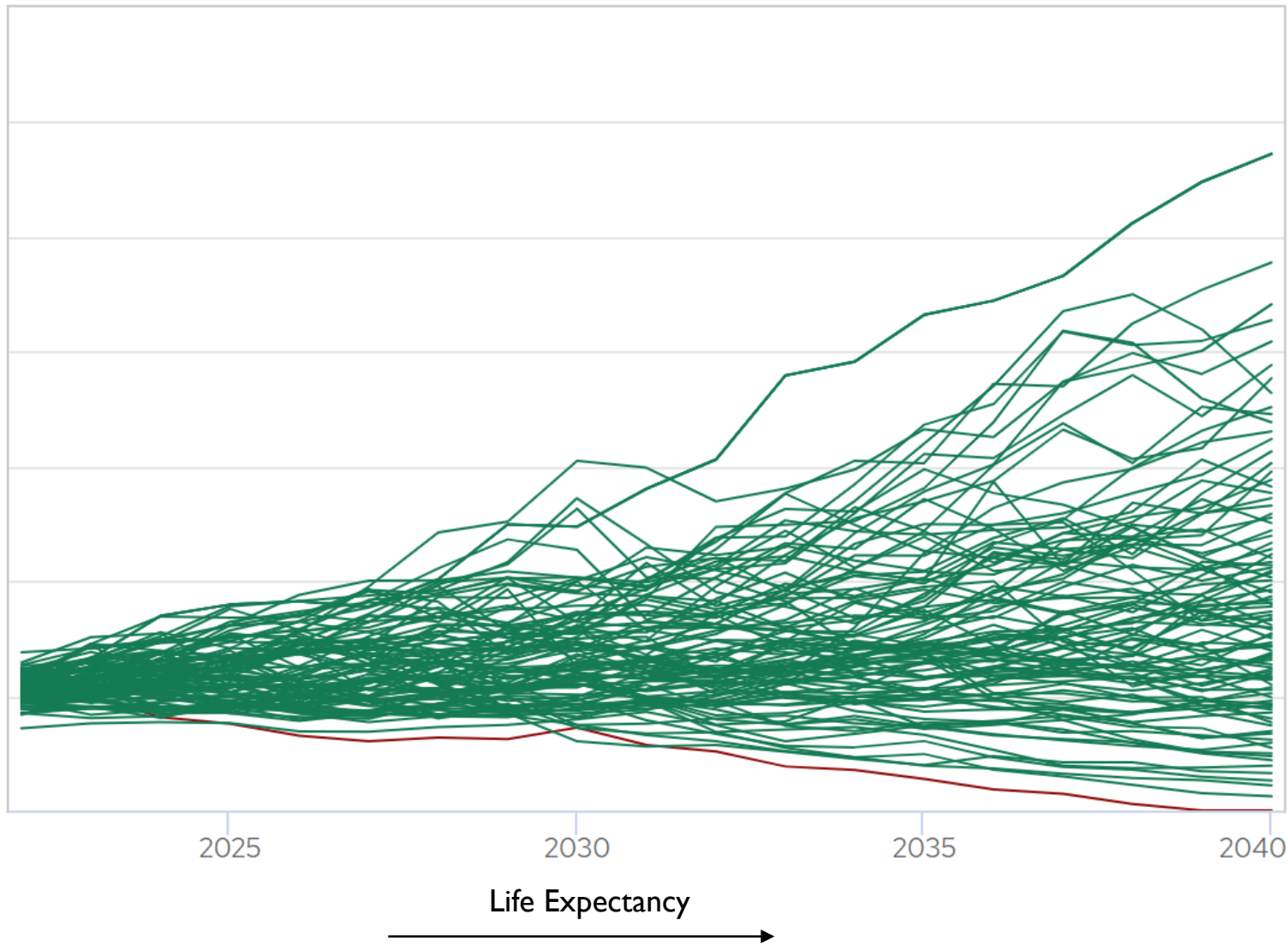
Average Life Expectancy is on the Rise



Source: SSA 2021 OASDI Trustees Report

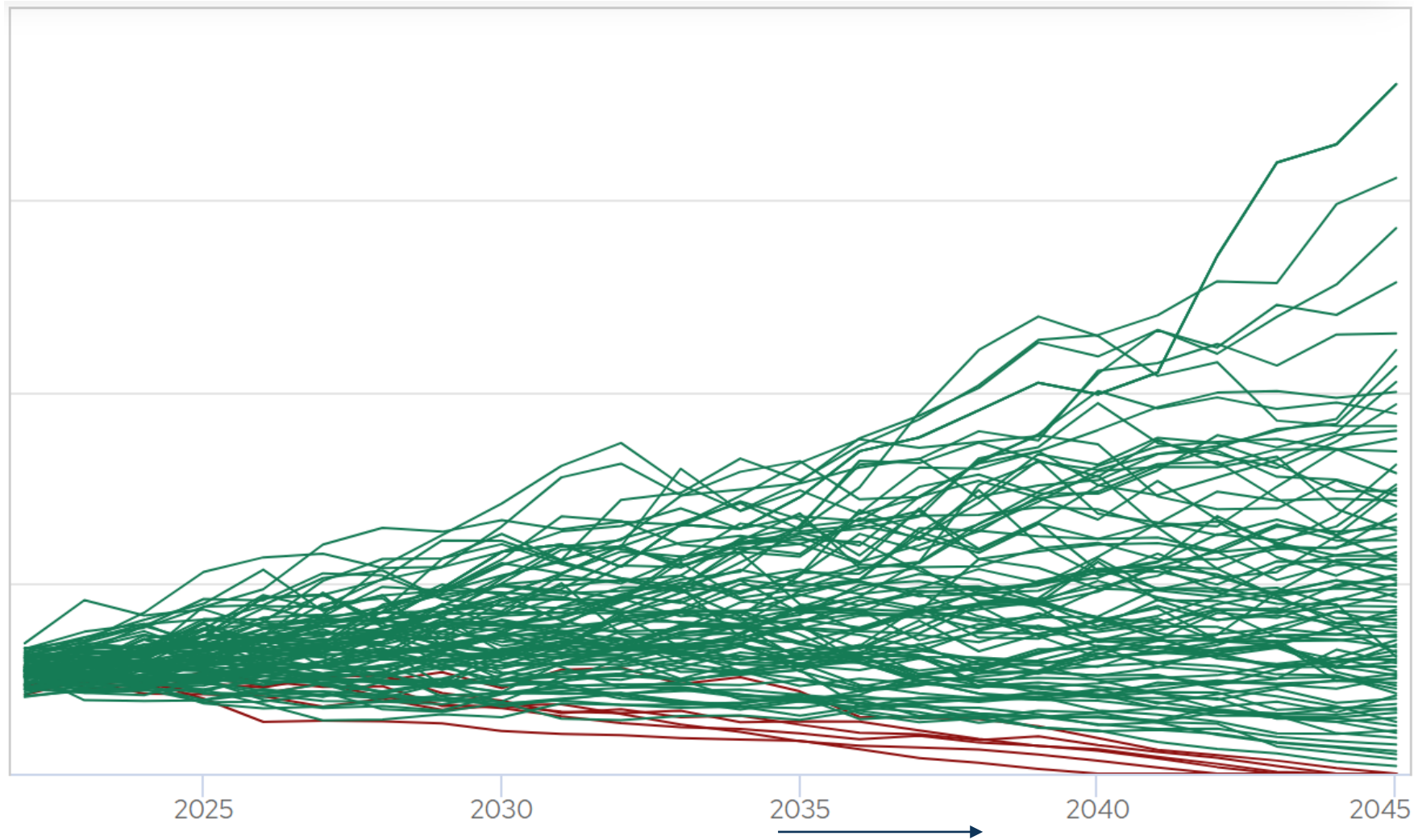
Planning for Longevity

Living Five Years Longer

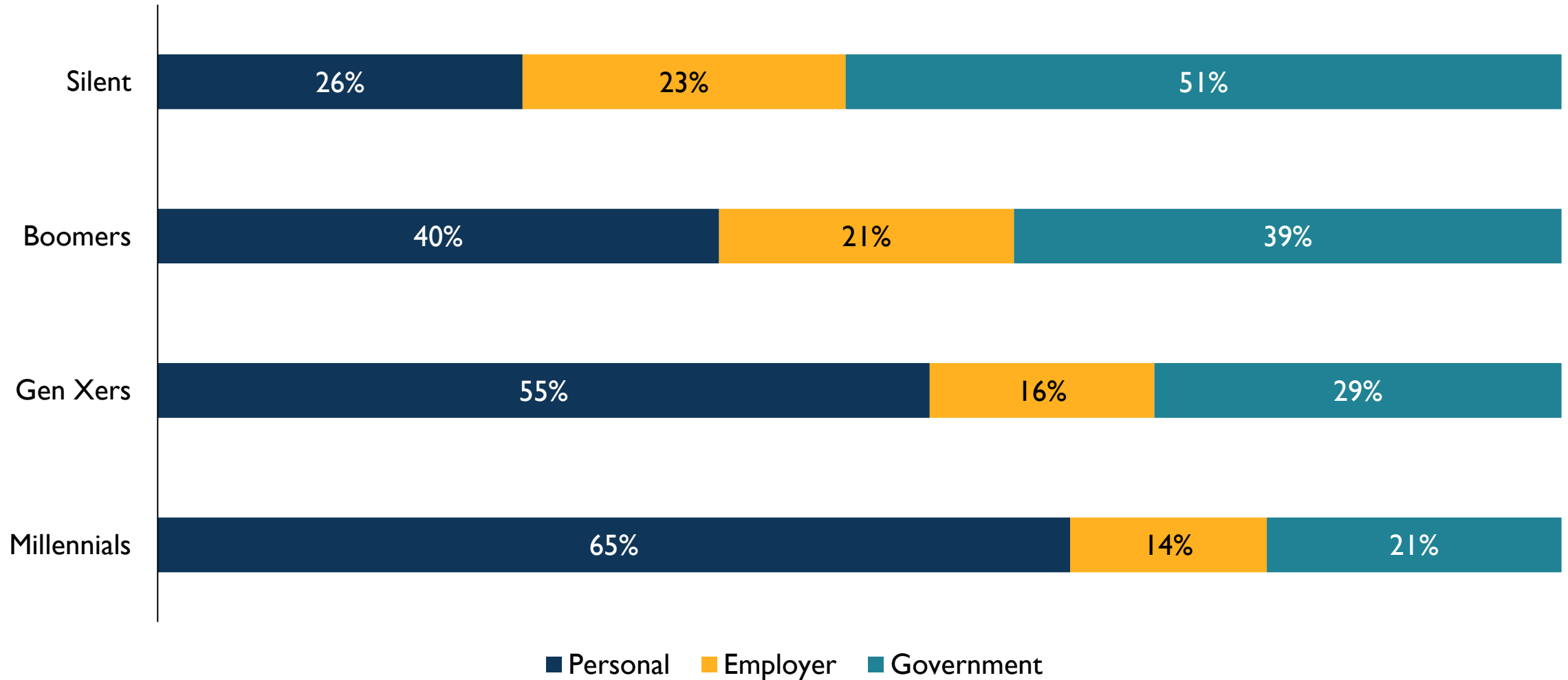


Planning for Longevity

Living Five Years Longer



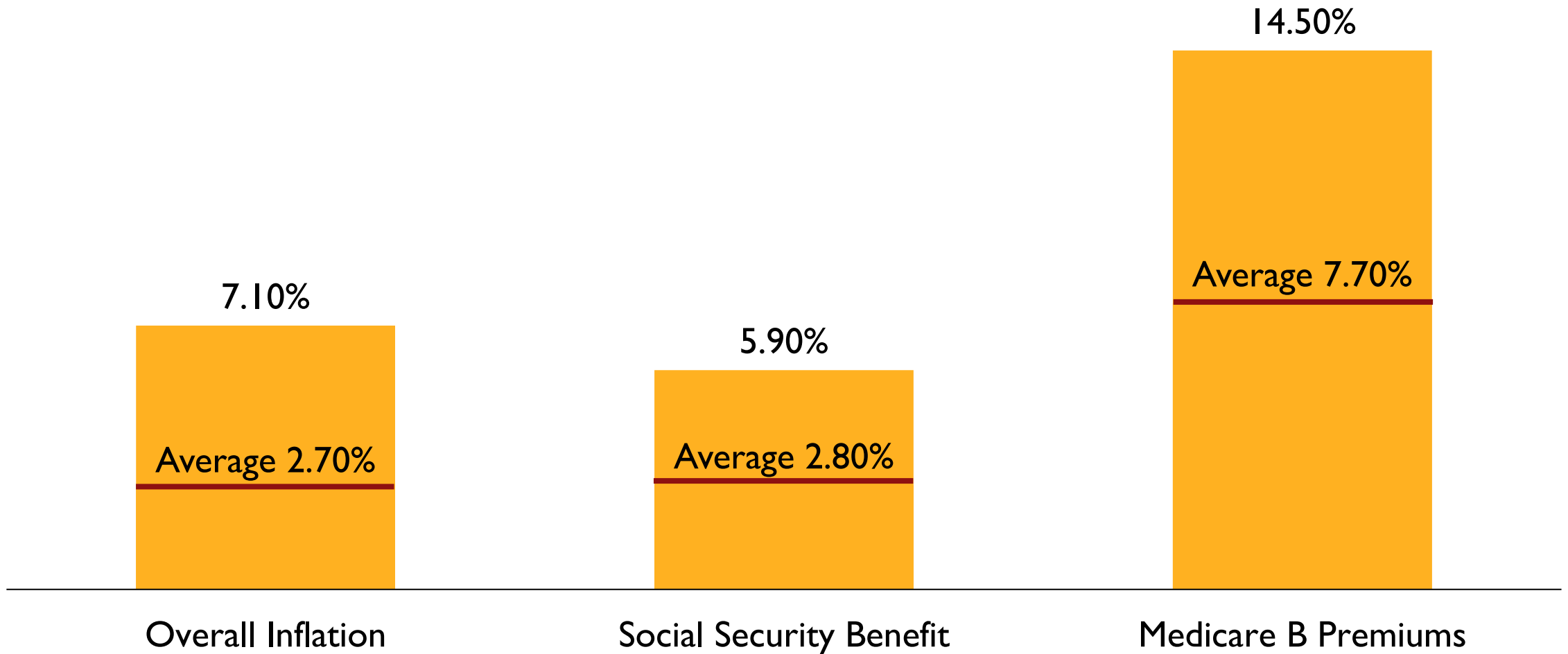
Retirees Resources Shifting by Generation



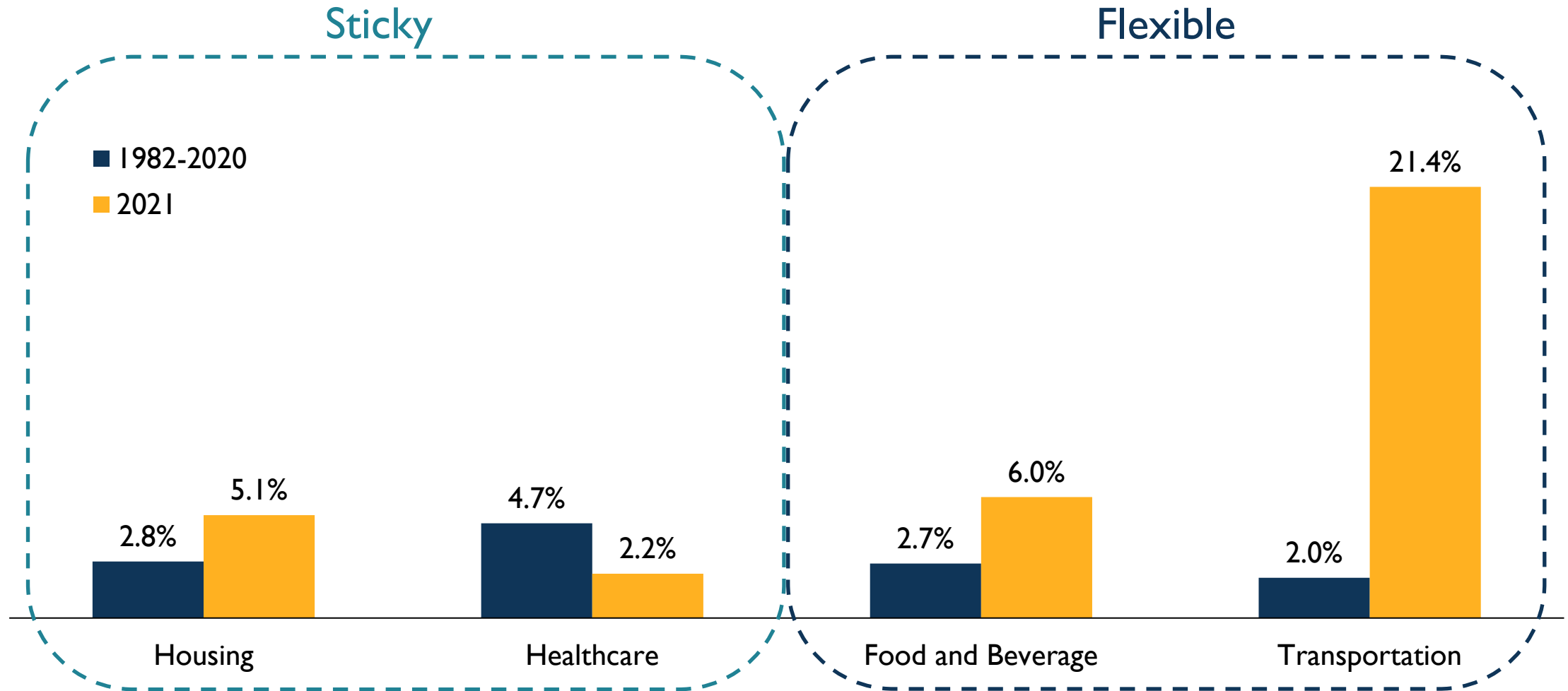
Source: A Merrill Lynch Retirement Study, conducted in partnership with Age Wave

Inflation: 2021 vs. Average

■ 2021 ■ Average

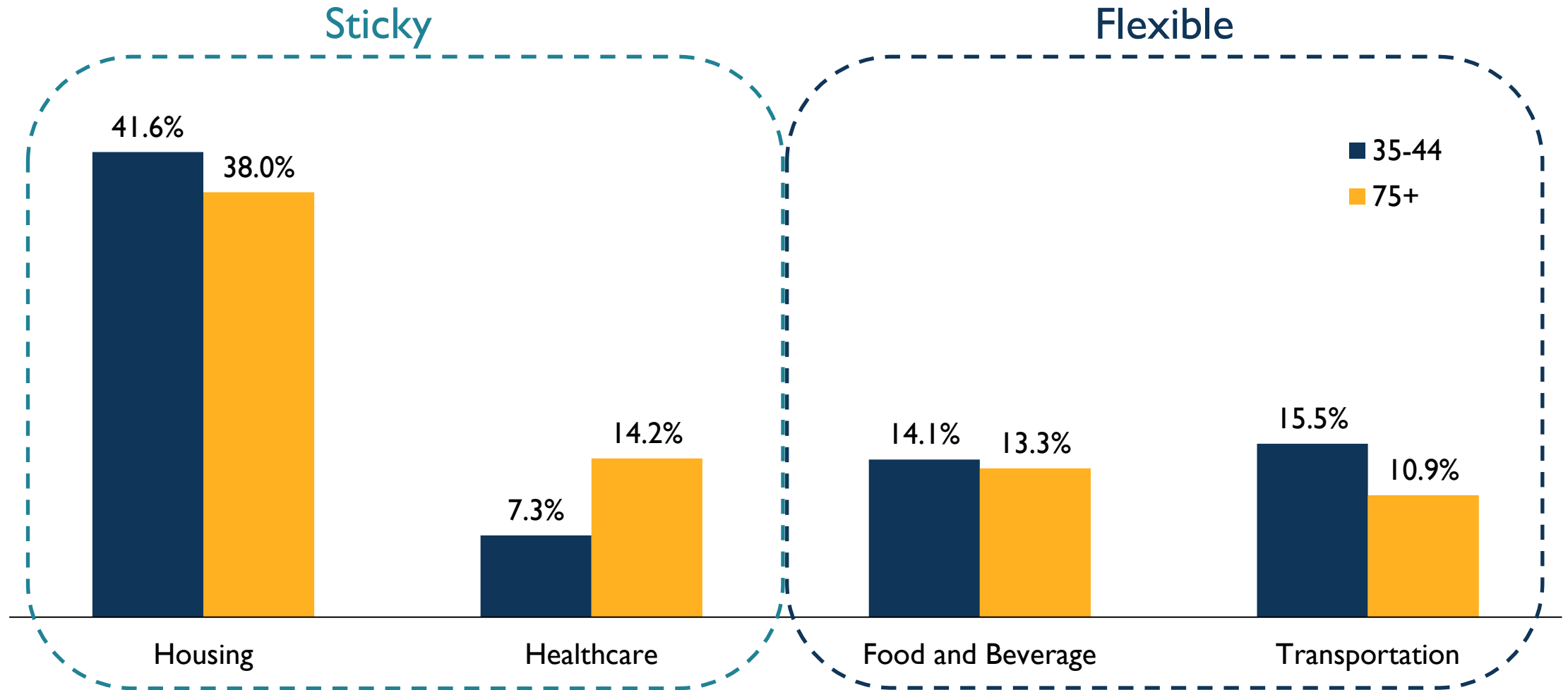


Sticky vs. Flexible Inflation



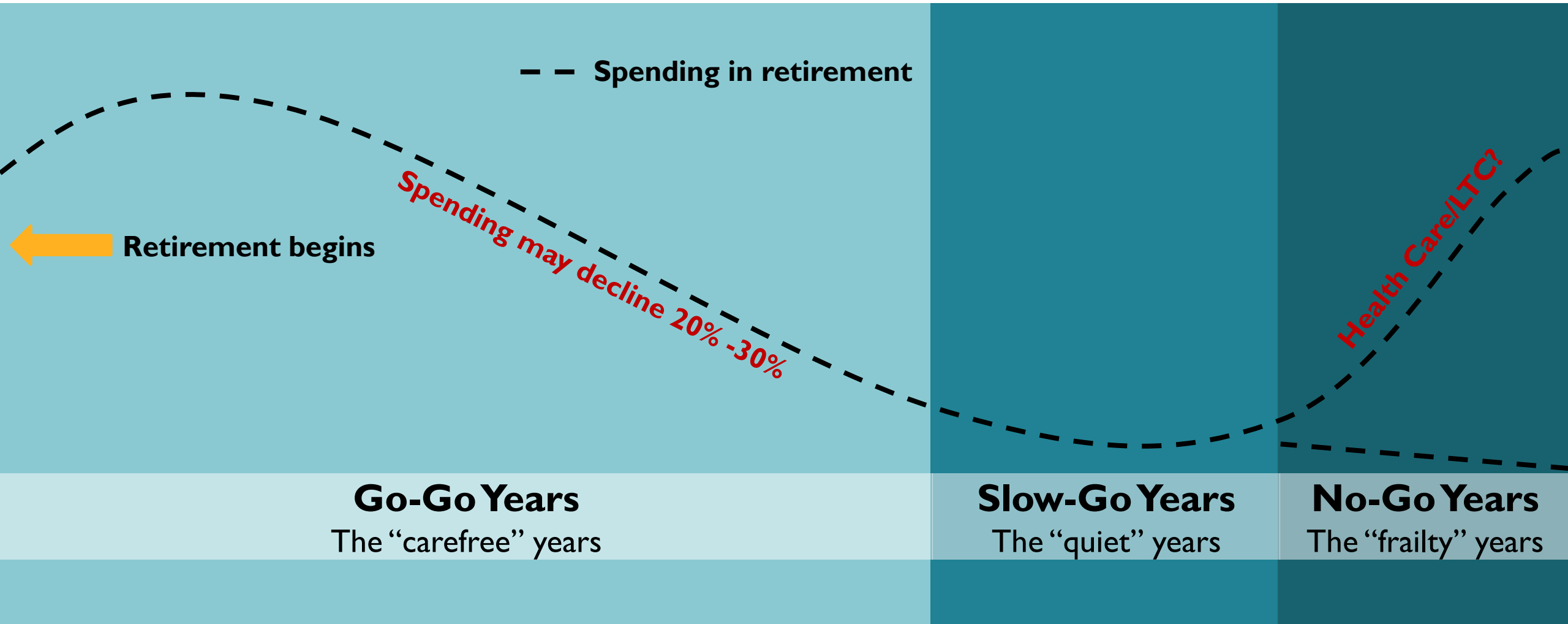
Source: Ferguson Wellman

Inflation Spike Has been Easier on Retirees Budgets



Average annual inflation by age and category 2017 -2019

Evolution of Spending in Retirement



Do You Know Who Will Receive Your Assets Upon Your Death?

Asset Ownership or Titling

Individually

Examples:

- Car
- Bank account
- Real estate

Jointly with Rights of Survivorship

Examples:

- Joint real estate
- Joint bank account

Trust

Examples:

- Revocable trust
- Irrevocable trust

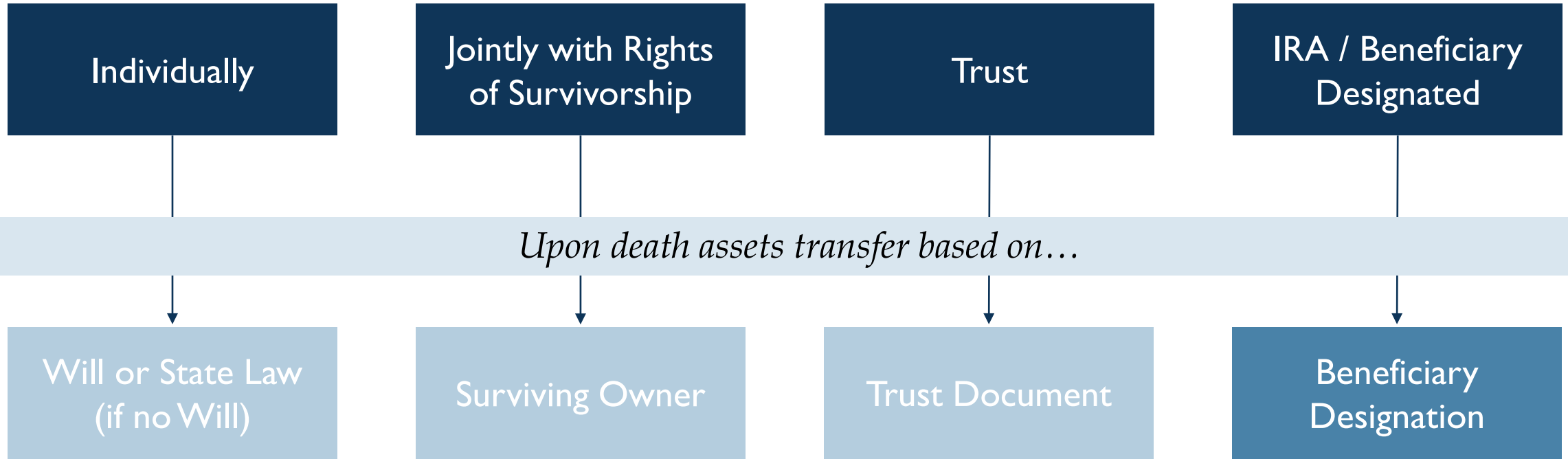
IRA / Beneficiary Designated

Examples:

- Retirement accounts
- Life insurance
- Annuities
- Bank accounts with a “payable on death”

Do You Know Who Will Receive Your Assets Upon Your Death?

Asset Ownership or Titling



When Should You Review Your Asset Ownership?

- Now
- When you update your estate plan
- When you open new accounts
- When you purchase new assets
- When there are significant changes to your life, assets or family

Retirement Plan Beneficiaries

Eligible Designated Beneficiaries

- Spouses
- Individuals less than 10 years younger than the IRA owner
- Minor children (until age 21)
- Chronically ill or disabled
- Qualified conduit trusts

Non-Eligible Designated Beneficiaries

- Non-spouses
- Qualified conduit trusts

Non-Designated Beneficiaries

- Charities
- IRA owner's estate
- Non-conduit trusts

Beneficiary Types

Spouse

Charity

Children or Individuals

Trust

Estate

The SECURE Act 2.0

“Setting Every Community Up for Retirement Enhancement”

- Delayed Required Minimum Distributions (RMDs)
- Larger catch-up contributions
- Expanded Roth contributions
- Qualified Charitable Distribution (QCD) enhancements
- Automatic enrollment in retirement savings plans
- Employer matching funds for student loan payments

PROPOSED






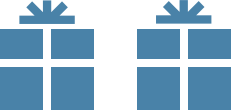
The 529 College Savings Plan Advantage

Benefit	What it means
Tax-advantaged investing	<ul style="list-style-type: none">• Tax-deferred compounding of contributions and earnings• Tax-free withdrawals for qualified education expenses (may include K-12 expenses, but state rules vary)• Tax-deduction or credit for contributions in some states
Estate-planning benefits	<ul style="list-style-type: none">• Contributions and investment gains removed from taxable estate• Option to make five years of tax-free gifts in a single year up to \$160,000 per beneficiary from couples and \$80,000 from individuals
Control and flexibility	<ul style="list-style-type: none">• Account owner retains full control over assets• Can change beneficiaries or transfer unused assets to certain other family members• Covers any qualified expenses at accredited schools throughout the U.S. and overseas including vocational and trade schools• Minimal impact on financial aid liability when owned by parents

The 529 College Savings Plan Advantage

Benefit	What it means
Accessibility	<ul style="list-style-type: none">• No income limits on contributors• No age limits on beneficiaries or contributors
Affordability	<ul style="list-style-type: none">• Very low investment minimums make it easy to get started• High contribution limits, often \$400,000 or more per beneficiary
Account options	<ul style="list-style-type: none">• www.savingsforcollege.com• Specific state sponsored plans or your portfolio manager can facilitate 529 accounts at Charles Schwab providing support for contributions and withdrawals

Using Your Annual Exclusion to Fund College

Contributor	2022 Annual Gift Limit	"Superfunding"
 Individual	   \$16,000	 \$80,000 per child
 Couple	   \$32,000	 \$160,000 per child

Using 529 College Savings to Cover 100% of a Four-Year Education

Are You On Track to Meet Your College Funding Goals?

Public In-State School

2021 Annual Cost of College: \$26,820

Age	Total Cost (Future Dollars)	Monthly Savings	Lump Sum Savings Today
Newborn	\$278,199	\$595	\$81,665
3	\$240,319	\$682	\$85,167
6	\$207,597	\$807	\$88,820
9	\$179,330	\$1,008	\$92,629
12	\$154,912	\$1,378	\$96,601
15	\$133,819	\$2,300	\$100,744

Private School

2021 Annual Cost of College: \$54,880

Age	Total Cost (Future Dollars)	Monthly Savings	Lump Sum Savings Today
Newborn	\$569,261	\$1,216	\$167,106
3	\$491,749	\$1,394	\$174,272
6	\$424,791	\$1,652	\$181,746
9	\$366,951	\$2,062	\$189,540
12	\$316,986	\$2,819	\$197,668
15	\$273,824	\$4,707	\$206,145

Important Assumptions: Assumes annual investment return of 6.5% compounded annually, college costs estimated to inflate 5% per year, and no increase in monthly contributions. Assumes zero current savings. Cost of college comes from Peterson's Undergraduate and Graduate Institution Databases (2021) and includes tuition, room and board, books and supplies. These figures do not reflect the impact of fees or expenses that would be paid by a 529 plan participant. Savings are assumed to be invested within a tax advantaged college savings account. Savings in a taxable account would require larger contributions.

Upcoming Changes to FAFSA

- New FAFSA will not require students report cash support, including funds from grandparent-held 529 accounts (or any other non-parent 529s)
- Currently, distributions are counted as untaxed income and reduce aid eligibility by up to 50% of the amount of cash support
- Grandparent 529 plans are still considered on the CSS Profile, used by about 200 private colleges to award their aid
- Expect changes to take effect for FAFSAs filed for the 2024-2025 school year. FAFSA uses income from two years prior, which means distributions beginning in 2022 will not affect aid