

CLIENT MEMO

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CORNERSTONE HELPS CLIENTS ACHIEVE ESTATE PLANNING GOALS

By Chad Halbur

Cornerstone is a boutique trust company that works with clients to help implement their estate planning goals and transition wealth from one generation to the next. We're specialized, responsive and provide highly personalized service designed to meet the individual needs of each of our clients.

Our goal is to ensure that our clients' wealth is protected and their values and intentions are honored long after they've passed on. To be successful, we take the time to understand our clients' values and objectives as we help them implement their estate planning goals. We serve as the agent for individual trustees, and as conservators, personal representatives and executors of estates.

The following describes one client's experience.

Client Situation: Seeking to Protect and Pass Along New Wealth

A client had spent a lifetime building a successful business and was rewarded near the end of his career when he received a \$40 million payout for his company. While he wanted his family to benefit from his years of hard work, he wanted to do so in a way that was consistent with his values and encouraged them to be productive members of society. He also wanted to preserve his wealth and had some practical concerns about taxes.

Our Process: Listen, Then Act

We approach our work with the understanding that every client is unique. The amount of money they have, the amount they intend to part with, their values and aspirations for their family members, all combine to make each trust situation distinct.

We began the process with this client as we always do, by asking questions: about the client, his life's work, his philosophy towards wealth and his estate planning goals. We also discussed specific parameters for how his wealth should benefit others after he's gone.

After we understood his desires, we talked with him about the pros and cons of different strategies, providing him with the information he needed to make an informed decision. Then we translated that information into a trust fund strategy.

Solution: Dynasty Trust with Transfer Tax Exemption

We worked with the client to establish an individual trust for each of his children, affording protections to ensure that the money would not be squandered and that the values of the grantor would continue to be observed long after he was gone. The trusts also protected the funds from litigation, the claims of creditors and ex-spouses.

For the grandchildren, we set up a Dynasty Trust, compiling the money into one trust that could be distributed equally to descendants in perpetuity. One of the advantages of the Dynasty Trust is that it allowed for a generation-skipping transfer tax exemption, removing any tax liability for the grandchildren and all subsequent beneficiaries.

Because the grantor was in good health at the time he established the trust, and expected to live many more years, the growth in the Dynasty Trust during the remainder of his life would not be subject to tax. Instead, the accrued interest would become part of our client's legacy, compounding the benefits to his family.

CONTINUED ON PAGE 6

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CONTINUED FROM PAGE 1

Result: Tax-free Transfer & Peace of Mind

The grantor was able to transfer his wealth, tax-free, to his family. He was also able to incorporate additional growth without accruing additional tax liabilities.

His children were ensured financial support that was protected from other claimants. Other beneficiaries, including his grandchildren and great-grandchildren, were ensured tax-free benefits in perpetuity.

The experience gave him confidence that his values, which served as the foundation for the trusts, would be maintained long after he was gone. The wealth he'd worked a lifetime to achieve would become a lasting legacy for his family.

To Learn More

For more information about how we can help you achieve your estate planning goals, please contact us (for a free consultation.)

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