

Family Office

- Financial and investment education with members of the family office
- Facilitate regular meetings with our client's other professionals, i.e. Lawyer, Account and CFO, as needed
- Review progress of deliverables both pre and post meeting and track action items progress to completion

Family Governance and Financial Literacy

- Educate individual family members on financial literacy, as needed
- Work with next generation on understanding personal spending and budgeting, tax implications, understanding different investment vehicles, and building their own financial plan
- Facilitate conversation between current and next generation around money, wealth planning and wealth transfer
- Longevity planning

Wealth Management

- Develop financial planning strategies
- Provide relevant and **impactful** tax planning guidance and strategies
- Assess cash flow requirements
- Evaluate investment opportunities, as requested

Financial Planning

- Review and prioritize goals and objectives of current financial situation, including a net-worth statement, cash-flow summary, and budget/income-tax analysis
- Develop a financial management strategy, including financial projections and tax analysis
- Develop an asset management strategy
- Manage and review the implementation and progress of your financial plan
- Lifestyle assessment and planning - including discussing and evaluating major buy/sell decisions

Tax Planning

- Identify and implement tax-planning strategies to optimize our client's financial position
- Provide relevant tax planning guidance and strategies
- Analyze tax distribution strategies and facilitate discussions with our client's other professionals, as needed
- Liquidity event and pre-transaction planning
- Discuss and coordinate any tax matters with CPA or appropriate tax professionals

Insurance Planning

- Assess potential exposure to financial liability and develop a comprehensive risk-management plan
- Review and develop life insurance management plan in line with financial plan
- Facilitate property & casualty insurance reviews with other professionals, as needed
- Address long term-care needs and present relevant solutions
- Identifying fundamental asset protection strategies

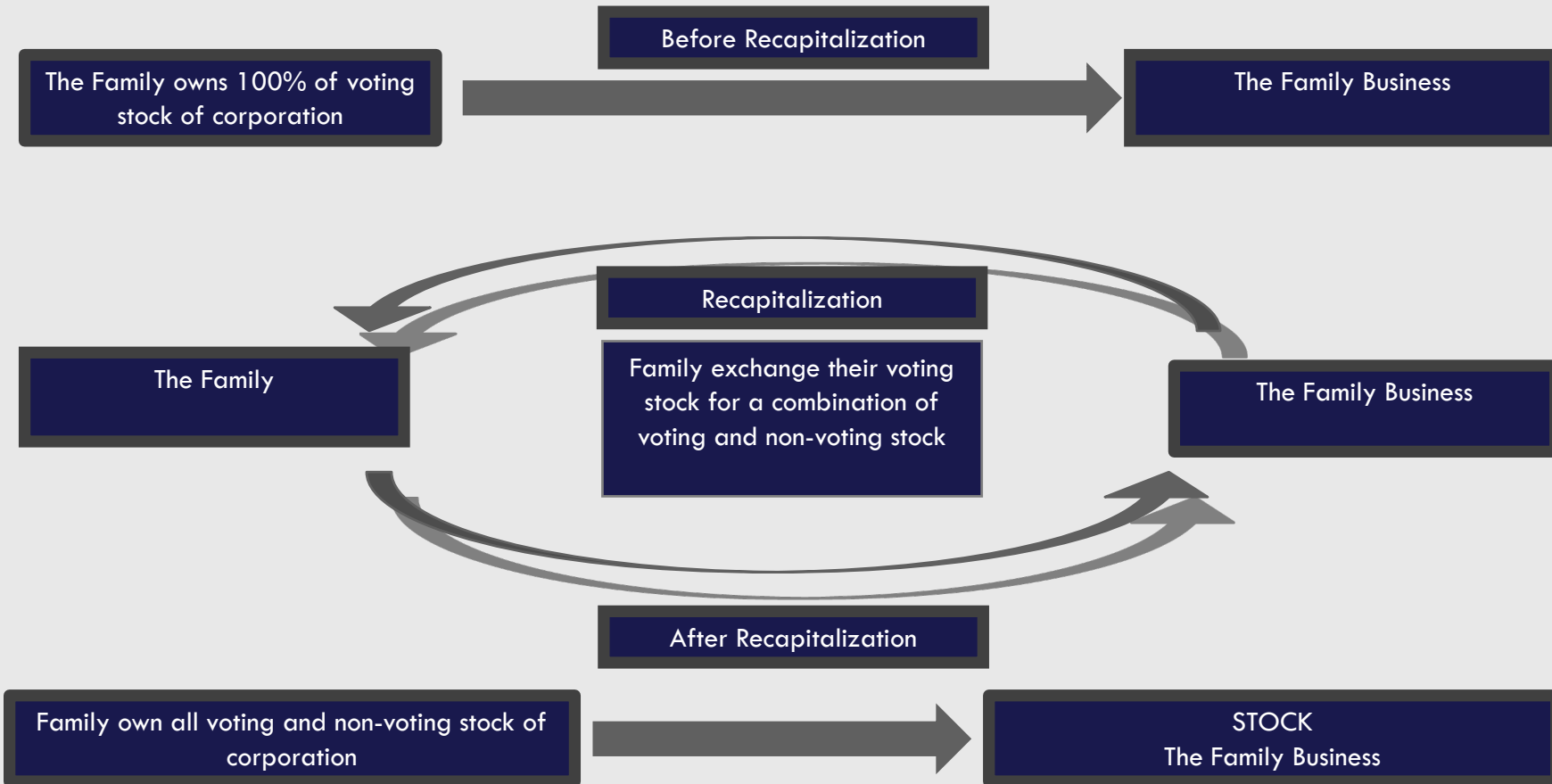
Estate Planning

- Assess estate net-worth and liquidity, and developing an estate plan to ensure objectives are met
- Review, identify, and implement gifting strategies
- Discuss multigenerational estate planning strategies and collaborate with other professionals to achieve estate plan goals
- Review philanthropic giving and recommend charitable giving strategies, as needed and/or recommended by financial plan

Business Planning

- Develop, implement, and review business succession plans
- Assist in valuation development
- Assess business insurance and disability protection options
- Develop executive execution package and provide educational workshops
- Evaluate exit plans and opportunities

Recapitalization of S Corporation into Voting and Non-voting Stock



Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

WEALTH MANAGEMENT STRATEGY

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Gift of Non-Voting Stock to Intentionally Defective Grantor Trust (“IDGT”)

- Value of non-voting stock may be gifted at a discount equal to fair market value
- Minority interest discount – minority owner does not have the ability to control the management of day-to-day operations of the corporation, the investment or disbursement of the corporation’s assets or the timing of distributions to shareholders. Lack of marketability discount - due to lack of a ready market for restricted interest. The Family must allocate all or a portion of his lifetime gift tax exemption (\$11,700,000 in 2021) for the value of the transferred non-voting stock in order to avoid gift tax on the transfer
- Upon the transfer, non-voting stock and appreciation in value of stock are removed from estate for estate tax purposes



- The Family gifting of non-voting stock to a trust that is a grantor trust for income tax purposes: Trust assets will not be included in estates for estate tax purposes
- With a grantor trust, all of the income generated by the trust is taxable to the grantor. The grantor reports all items of income, loss, deduction and credit attributable to the trust on his or her personal income tax return. By paying income taxes on behalf of the trust, the grantor can make additional “tax-free” gifts to the trust equal to the amount of the income tax that the trust or the beneficiaries would otherwise have to pay

Installment Sale of Non-Voting Stock to Intentionally Defective Grantor Trust (“IDGT”)

- Family gifts assets (cash, non-voting stock or other property) as a seed gift to the IDGT, equal to 10% or more of the assets later sold to the IDGT, using a portion or all of his lifetime gift tax exemption and later sells non-voting stock to the trust for fair market value
- Seed gift supports the position that, prior to the sale, there is adequate equity in the IDGT to satisfy the installment sale obligation up on the trust’s later purchase of the stock.



- The Family accepts a promissory note from the Trustee for installment payments on the sale and Trustee makes interest and principal payments on the promissory note
- Typically, the promissory note is a balloon note – interest-only payments until the final year of the note, when all principal is paid off. No income tax consequences to The Family upon the sale or interest payments on the promissory note (The Family and the IDGT are the same taxpayer for income tax purposes)
- If the promissory note is not paid in full before death, value of the promissory note at that time is included in estate for estate tax purposes. Assets in IDGT and appreciation in the value of assets pass free of gift and estate tax to the remaining beneficiaries



Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as financial advisors of Raymond James, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional. Any examples are hypothetical and for information purposes only. Individual circumstances may vary. Every investor's situation is different. Please consult your financial advisor if you have questions about the example and how it relates to your own situation.

This information is general in nature, and is intended solely for the purpose of illustrating conceptually how a particular financial planning technique might work, based on various assumptions. Whether the planning technique is appropriate for you will depend on your goals and your specific situation. This is not a complete statement of all information necessary for making an investment decision. Strategies mentioned may not be suitable for all investors.