

Can Our Assets Support Our Lifestyle?

DIVERSIFIED TRUST CASE STUDY - RECENT BUSINESS SALE | MARCH 2017

DIVERSIFIED TRUST

COMPREHENSIVE WEALTH MANAGEMENT

DIVERSIFIEDTRUST.COM

SCENARIO

The Simmons, a couple with roughly \$40 million in assets, had just sold their family manufacturing business and were ready to retire, but they faced a significant challenge. They wanted to maintain the quality of their lifestyle as they transitioned from business owners to living off their investment portfolio. At the same time, they wanted to be able to transfer wealth to their heirs and meet their philanthropic goals, including major gifts to their church and the local symphony. And all this had to be accomplished as tax-efficiently as possible. They called on Diversified Trust to help them with a plan.

OUR APPROACH

Diversified Trust began by gaining a complete understanding of the couple's financial picture, including the makeup of their assets, sources of income, lifestyle needs and tax situation. We reviewed their existing estate planning documents and worked with them to set goals for the efficient transfer of wealth and charitable giving.

Then we built a comprehensive model with multiple scenarios to identify the best plan to achieve the clients' goals. We also reviewed our recommendations with their attorney and tax advisor to ensure everyone was in agreement on the proper course of action.



RESULTS

Our plan achieved immediate income tax savings of \$2 million, and future estate tax savings could exceed \$10 million.

Based on our cash flow and net worth projections, we established a spending policy that allowed the Simmons to comfortably expand their lifestyle. A \$5 million contribution was made to a donor-advised fund to optimize the income tax deduction in the current year and satisfy philanthropic goals in future years.

Estate planning documents were revised to make specific outright bequests to the couple's parents and siblings, as well as to fund a \$10 million trust for each of their two children, with any excess going to charity. And we determined that these wealth transfer goals could be met without purchasing life insurance.

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