

# Unwinding Planning Structures

## DIVERSIFIED TRUST CASE STUDY

The Jacobson family decides that it is time to discontinue some of the planning measures put in place by prior generations. A change of course enhances benefits for future generations beyond maintaining the status quo.

Sometimes planning vehicles and structures can outlive their useful lives. Knowing when requires careful examination of the tax, legal and economic environment – much the same as when the planning transactions were first enacted. However, we believe that the decision to unwind requires increased consideration and understanding of the individuals involved. Some call this family dynamics, lifestyle planning or just good listening.

### SCENARIO

Previous generations of the Jacobsons judiciously used trusts and LLCs in order to transfer and preserve wealth for future generations. Now, four generations later, the youngest family members are coming into adulthood and the senior family members realize that the LLC structure could now be obsolete. For the first few generations, the advantages of pooling investments and sharing management responsibilities across the family was beneficial. As the family grows they realize that “unbundling” everyone may provide independence and autonomy that will allow future generations to tailor their assets to their individual goals and circumstances.

### OUR APPROACH

Diversified Trust worked with multiple generations to review the advantages and disadvantages of continuing the LLCs. After much consideration a plan of dissolution was agreed upon and we coordinated activities with the family attorney. Because the LLCs held private assets and artwork we engaged valuation experts to help value these assets. Once the values were known we devised a plan for division that transferred artwork and cash to the individual owners while leaving the investment assets intact for the trust owners.



### RESULTS

The dissolution proved to be a win-win for multiple generations of the Jacobson family. The senior generation finds great comfort in knowing that they have continued and even improved upon the planning that was created for them by earlier generations. An additional benefit of distributing artwork to individuals is that direct ownership provided them the freedom to transfer those works to other family members, charities, etc. as a part of their own estate plans. The youngest generations of the family can now look forward to having more direct involvement in their current and future trust shares. Finally, we believe that this interactive process served to strengthen the bonds between the family members and their advisors; something that we hope continues for as many generations into the future as we have addressed looking into the past.

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