FIFTH THIRD
PRIVATE BANK

Slam dunks for your wealth strategy



In basketball, teams run plays and implement strategies that ideally lead to successful outcomes. Working with a team to develop and implement your wealth strategy is not much different. As a Fifth Third Private Bank client, you get access to a team of highly credentialed specialists with specific roles who draw up plays to help you achieve your financial objectives.

Our Private Bank team works with clients in various stages of life. You may be working towards retirement or looking to transition wealth. Through our wealth planning process, we help you run plays to accomplish your goals and objectives. Here are four wealth strategy tips to help you on your financial journey.

Wealth Strategy Tip #1 – Pass the ball

Whether you are a business owner, executive or someone nearing retirement, you can pass off responsibilities for managing your wealth. In retirement, you may want to know how you will replace your income and evaluate your likelihood of financial success.

If you are nearing retirement or exiting a business, we can map out your retirement needs and provide strategies for financial success. As part of our process, we review your:

- Goals
- Risk tolerance
- Balance sheet
- Cash flow needs
- Probability of success

This information helps us put strategic plays in place that will impact your financial situation.

Business Transition Advisory Team

Fifth Third Private Bank has a Business Transition Advisory Team (BTAT) solely dedicated to preparing business owners financially and personally for their business transition. Contact your Advisor for more details.

Wealth Strategy Tip #2 – Defend the goal

Wealth preservation is a top priority for clients. However, someone's wealth can be impacted or eroded by outside variables. For example, you may have a health event that requires costly long-term care or tax laws could eat away your wealth if proper planning is not done. With a comprehensive wealth strategy, you can defend against these risks.

Guard against a health event – Insurance solutions can provide long-term care benefits that protect and guard against costly health care expenses. You are insuring against the risk of a health event and if long-term care is not needed, your family retains a death benefit that potentially recovers the cost of insurance.

Defend against estate tax liabilities – The current Gift and Estate Tax Exemption is $13.99 million ($27.98 million if married couples plan together). For some clients, when they pass away, they will have a taxable estate at a 40% estate tax rate. If your estate does not have enough liquidity or you want to replace wealth lost due to taxes, an **Irrevocable Life Insurance Trust (ILIT) might be the right solution**. An ILIT would hold a life insurance policy. Upon your (or both spouses) death, the proceeds of this policy would flow to the trust to provide liquidity and replace value to your family.

Wealth Strategy Tip #3 – Beat the clock

The 2017 Tax Cuts and Jobs Act ("TCJA") temporarily doubled the lifetime gift and estate exemption for individuals. Because this was not a permanent change, the clock is ticking, and the law is set to sunset on Jan. 1, 2026. Therefore, the current Gift and Estate Exemption of $13.99 million ($27.98 million if married couples plan together) will decrease unless Congress acts. As it stands now, the 2026 exemption amount is projected to be approximately $7.3 million ($14.6 million if married couples file together) assuming inflation adjustments. **Therefore, the window to use the elevated exemption is from now until the end of 2025 unless TCJA is extended.**

Wealth Strategy Tip #4 – Hit the big shot

Generally speaking, high-net-worth individuals and families have three places where assets can go upon their passing: **family, charity or taxes**. Often, clients' goals will be aimed to transition wealth to family or charity to avoid paying taxes. We can educate you on planning opportunities to hit your goals.

Planning for family

With the looming sunset of TCJA, the in-vogue trust technique is a **Spousal Lifetime Access Trust (SLAT)**. This type of trust permits a client to make a gift of his or her lifetime exemption, which can be less than the full amount, to an irrevocable trust that has income and distribution privileges for his or her spouse (the beneficiary spouse). The income and distributions to the beneficiary spouse can be based on a standard or at the trustee's discretion (assuming trustee is not the spouse). The purpose of the trust is to remove assets and future appreciation from a client's "in estate" values. Upon the passing of the beneficiary spouse, **the assets can pass to family, either in a trust or outright, free of gift or estate tax.**



As part of a comprehensive review, we determine clients' net-worth and if they have the ability to make lifetime gifts to family either outright or in a trust. The SLAT technique works best for clients who have a stable marriage and the ability to live off of their in-estate assets.

Planning for charity

When reviewing a balance sheet and cash flow, we can look for opportunities to efficiently gift to charity and maximize income tax planning benefits. The gifting you do during your lifetime, along with the assets or accounts you leave outright or in a trust to a charity, will potentially **lower your taxable estate.**

- **Lifetime gifts to charity** – Gifts outright in charitable trusts or to donor-advised funds (DAF) can lower your taxable estate and provide income tax benefits. You can strategically gift investment accounts to maximize tax benefits.
- **Charitable legacy** – 401(k)s, IRAs and other retirement accounts can provide tax savings for those accumulating wealth. However, they become tax inefficient for clients with a projected taxable estate because the accounts will be subject to estate tax and income taxes for the beneficiary. If charitable gifting is part of your legacy plan, you should consider leaving a portion of your retirement accounts to charity.

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