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- **Mo Mahoney, MBA, WMCP[®], RICP[®], CExp[™], CEPA[®]**
 - *Registered Investment Representative / Certified Exit Planner (Business Succession)*
 - *Forbes Magazine Top 25 Best-in-State Financial Security Professional (2021, 2022)¹*
 - *Colonel, USMC Reserves, F/A-18 Fighter Pilot: 3 combat tours, 300 landings on aircraft carriers*
 - *MBA Marshall School of Business, Univ. of Southern CA, Beta Gamma Sigma (with Honors)*
 - *Executive of a Fortune 250 Company*
 - *Business Owner in Finance for 12 Years*
- **Jason Giorgio, MBA, CFP[®], CLU[®], RICP[®]**
 - *Registered Investment Representative*
 - *Forbes Magazine Top 25 Best-in-State Financial Security Professional (2021, 2022)¹*
 - *Nationally Recognized Speaker/Presenter on Business Planning and High Net Worth Tax/Estate Planning*
 - *Focus on accumulation, distribution and protection of wealth throughout clients' lifetimes*
 - *29 years, 3rd Generation Financial Expertise*

¹ This award is not issued by Guardian or its subsidiaries. The annual Forbes ranking of Best-In-State Financial Security Professional 2021-2022 is based on criteria developed and obtained by SHOOK Research, LLC. No compensation was provided in connection with obtaining this rating; however, advisors may choose to pay fees to Forbes and Shook for premium listing features; including, usage rights of the ranking logo. Past performance is not an indication of future results.



Blended Family Strategies

*Mo' Money, Mo' Problems...Mo' Family, Mo'
Money, Many Mo' Problems...*

Solve with Mo' Teamwork...

By Jason Giorgio and Mo Mahoney



"Mo' Money Mo' Problems"

- I don't know what they want from me
- It's like the more money we come across
- The more problems we see...

(Notorious B.I.G., "Mo' Money Mo' Problems" 1997)

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- Over 60,000¹ Clients
- 12,000+ Business Clients
- \$5B+ Assets Under Administration²
- Full Range of Financial Consulting Services & Solutions for all your needs
- Wide variety of teams & specialists to serve our clients
- 28 Financial Professionals named to Forbes Best-in-State Top Financial Security Professionals list for 2023
- Member of The Guardian Network, Guardian is a Fortune 250 Company

¹Includes owners of in force life, disability income and long-term care insurance policies as well as all securities accounts.

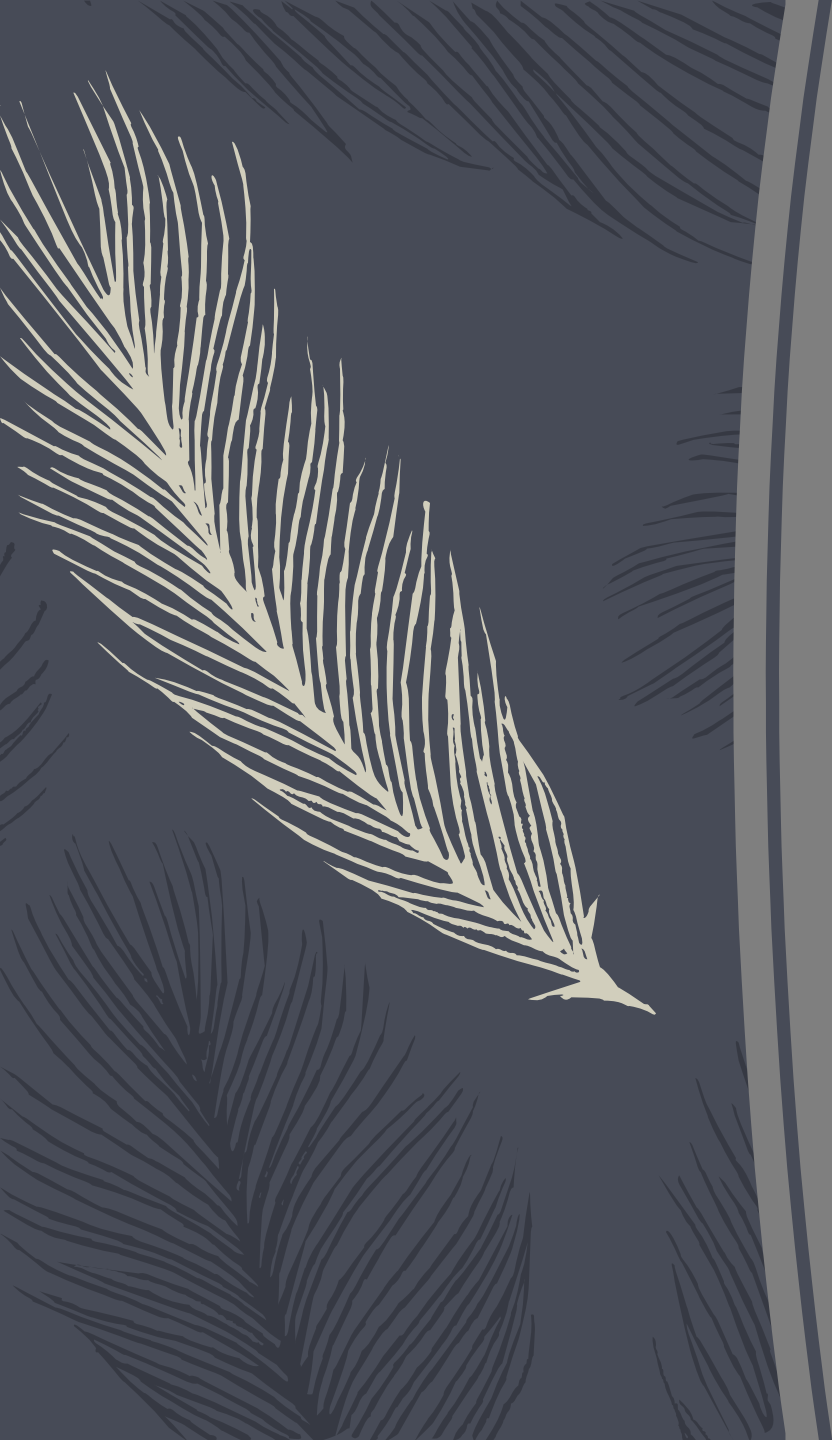
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“Timing, Combining, and Sequencing.”

- Simon Singer

Planning for Successful Families and Business Owners

Maintaining Control Over Your Person & Affairs

- *Durable Power of Attorney*
- *Health Powers*
- *Living Trusts*
- *Long-Term Health Care*
- *Disability Protection*
- *Living Wills*

Assure Lifestyle/Tax-Free Conversion of Paper Profits

- *CRATs, CRUTs, & NIMCRUTs*
- *Delaware Statutory Trust*
- *Off-Shore Entities*
- *Non-Qualified Deferred Compensation Plans*
- *GRATs & GRUTs*
- *Salary Continuation Plans*

Protection From Lawsuits & Judgements

- *CRATs, CRUTs, & NIMCRUTs*
- *GRATs & GRUTs*
- *Domestic Family Limited Partnerships*
- *Limited Liability Companies*
- *Off-Shore Entities*
- *Equity Stripping*
- *Captive Insurance Companies*
- *Asset Protection Trusts on shore & off shore*
- *Retirement Plan Trusts*
- *Spousal Lifetime Access Trust*
- *Private Placement Life Insurance*
- *BDIT*

Income Tax Reduction

- *Charitable Lead Trusts*
- *CRATs, CRUTs, & NIMCRUTs*
- *Conservation Easements*
- *Private Foundations*
- *Family Corporations*
- *Qualified Plans*

- *Private Placement Life Insurance*
- *NING/DING*
- *1202/QSBS*
- *Installment Sale Trust*
- *Delaware Statutory Trust*
- *Donor Advised Fund*
- *Pooled Income Fund*

Managing the Value of Family Businesses

- *ESOPs & LESOPs*
- *Wealth Replacement Trusts*
- *Dynasty Trusts*
- *CRATs, CRUTs, & NIMCRUTs*
- *ILITs*
- *Grantor Deemed Owner Trusts*
- *Business Succession Planning*
- *Family Split-Dollar Planning*
- *Buy Sell Planning*

Passing Value & Responsibility to Family Members

- *Fully Funded Revocable Living Trusts*
- *Dynasty Trusts*
- *Wealth Replacement Trusts*
- *Private Foundations*
- *Testamentary Foundations*
- *Supporting Organizations*
- *GRATs & GRUTs*
- *Premium Financing*
- *Incentive/Education Trusts*
- *Asset Protection Trusts*
- *Grantor Deemed Owner Trusts*
- *Self-Canceling Installment Notes*
- *Generation Split Dollar*
- *Donor Advised Fund*
- *Pooled Income Fund*

Federal Gift & Estate Tax Reduction

- *QTIPs & QDOTs*
- *ILITs*
- *Charitable Foundations*
- *Charitable Remainder Trusts*
- *Grantor Retained Annuity Trusts & Unitrusts*
- *Family Limited Partnerships/LLCs*
- *Discounted Gifts*
- *QPRTs*
- *Split Gifts*
- *Conservation Easements*
- *Grantor Deemed Owner Trusts*
- *Self-Canceling Installment Notes*
- *Retirement Plan Trusts*
- *Spousal Lifetime Access Trust*
- *BDIT*

Protection from Administrative Expense & Delay

- *Durable Power of Attorney*
- *Fully Funded Revocable Living Trusts*
- *Nominee Partnerships*
- *Business Succession Planning*



Overview of Blended Families

1. Case Study 1: **Art & Annie**. One Affluent Spouse, 2x divorces, Gen2: Two from 1st Marriage, Two from 2nd Marriage, Spouse #3 no kids (1st Marriage)
2. Case Study 2: **Bob & Barbara**. One Affluent Spouse, wife has RE assets, 2nd Marriage for Both, Gen 2: Two each from Previous Marriage, Two kids together (6 total)
3. Case Study 3: **Charlie & Christie**. Older Individually wealthy couple, Gen 2: Two Each from previous Marriage (4 total - none together), Gen 3: Six (3 each)



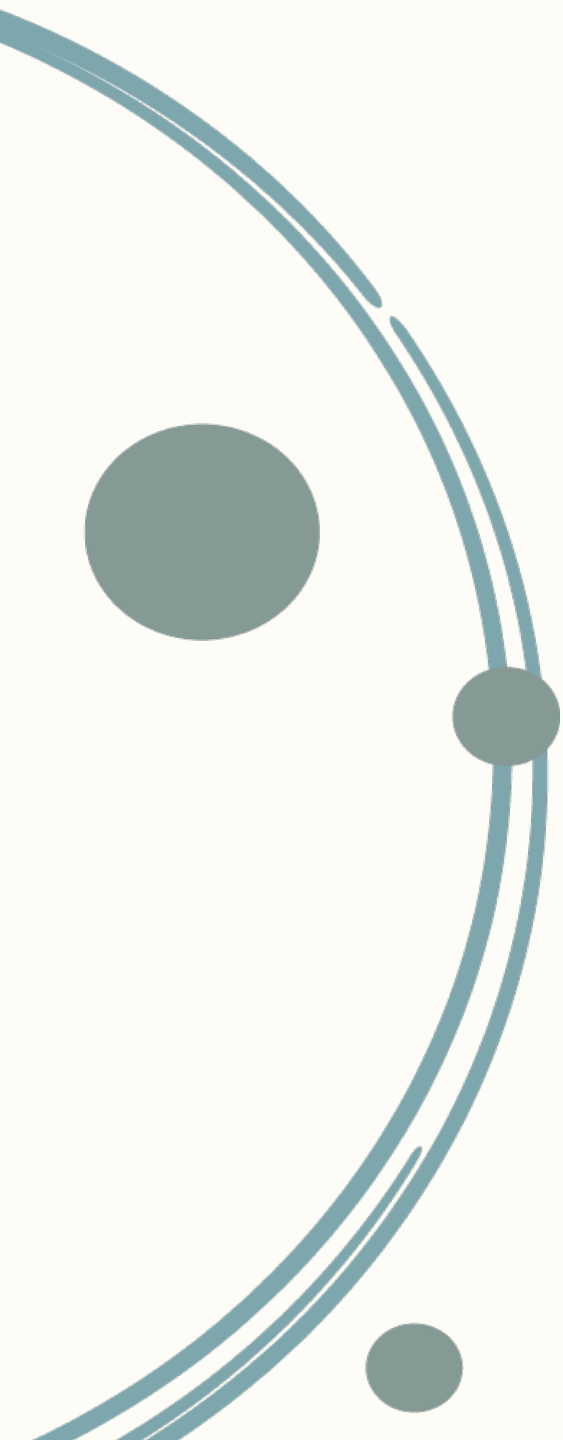
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Prenuptial Agreements

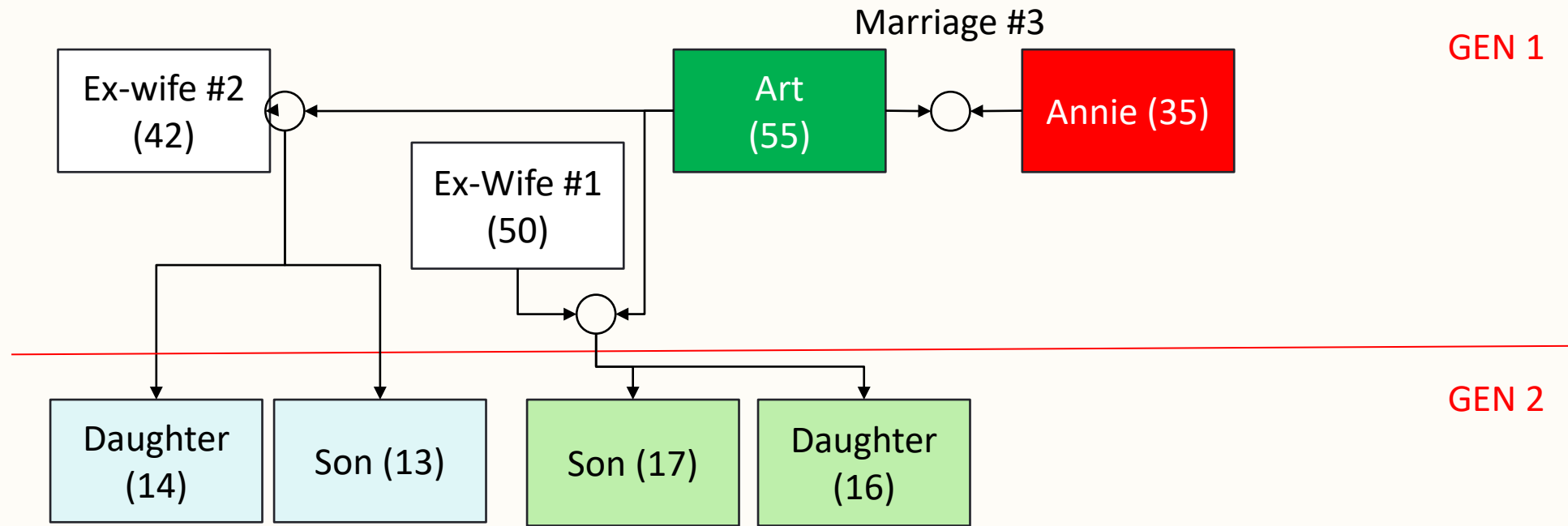
*"Every marriage has a prenup. You can **write your own or accept the state's version.**"*



Art: Affluent spouse, third marriage.
Divorce #1: 2 kids. Divorce #2: 2 kids.
Annie: First Marriage, Career, no kids

- **Annie:** "Doesn't want anything, just security."
 - Security = \$\$ and possible kids in future
- **Art:** "Got Pre-Nup for a reason" (Art's security), also wants Annie to have security/recognize her
- **Art:** paying 1/3 Income to Alimony/Child Support
 - Kids 17, 16 (Marriage #1)
 - Kids 14, 13 (Marriage #2)
 - College Costs (TBD/Flexible)
- **Art:** \$40MM Business – 100% Owner

Case Study 1: Art & Annie





Concerns & Goals

Financial Blind Spots

- **Art's** Pre-Nup Agreement Security vs. **Annie's** Emotional/Financial Security
- **Art's** Support for 2 (3?) Families, eventually 1, then 0(1?)
- **Art's** Transition to Strategic Biz Owner, build optional off-ramps and post-transition role/life with **Annie**

Solutions

Annie = Financial Security/Peace of Mind

Art = Recognize Annie, Transition Child Support/Alimony Payments, Long-Term Business Transition, Wealth Shifting

Financial: (@15% of Art Annual Income)

- Life Ins (Perm/Guaranteed Cash Values)
- Investment Account
- *(Initial Outlay from Cash, then Child Support/Alimony Age-Outs)*

Legal: Annie Beneficiary (Control = Security)

- QTIP (SLAT?)
- Annual Contributions on Anniversary (Initial Catchup 2x)

Solutions (cont'd)

Annie = Financial Security/Peace of Mind

Art = Recognize Annie, Transition Child Support/Alimony Payments, Long-Term Business Transition, Wealth Shifting

CPA:

- Document Money Flow/Taxes
 - Annual (Anniversary) Transfers
 - Income/Distributions (if any) to Annie

Trustee(s):

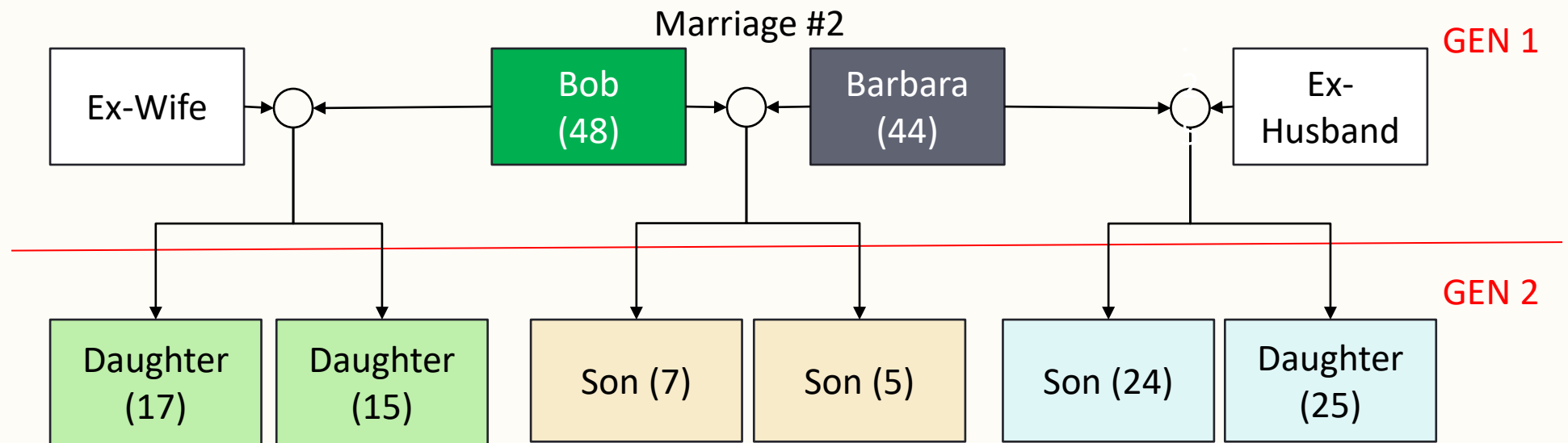
- Fiduciary to Annie
- Confirm/Verify Anniversary Contributions
 - Coordinate Securities portfolio and Life Insurance growth/performance
 - Manage Future Asset Acquisitions/Adjustments
 - Manage Distributions (if any) to Annie



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Case Study 2: Bob & Barbara



Concerns & Goals, Financial Blind Spots

Bob: *"Can't wait to wrap up alimony(child support) in 3 years"*

- *50% Free cash flow starting this year*
- *"Feel like victim of my own success in biz – what's next?"*

Barbara: *"Reward (adult) kids with home they grew up in (and I paid off)."*

Bob: *\$50MM Biz Growing rapidly –*

- *Tax/Legacy Questions*
- *Pending Free Cash Flow: Mandatory Child Support/Alimony Payments Ending next 3 years (Marriage #1)*
- *Business Continuity/ Make Bob Replaceable (Saleable business)*

Concerns & Goals, Financial Blind Spots (cont'd)

Bob = *"Can't wait to wrap up alimony(child support) in 3 years"*

- *50% Free cash flow starting this year*
- *"Feel like victim of my own success in biz – what's next?"*

Barbara = *"Reward (adult) kids with home they grew up in (and I paid off)."*

Barbara: *Intent to have original home as legacy for Adult children*

- *Gift now?*
- *Gift All/Some?*
- *Rent? Sell?*
- *What about Joint Children (Pre-Teen)?*
- *Equal vs. Fair?*

Solutions

Bob = Protect Winnings, Keep Control, Build for Future

Barbara = Optionality: Rent Home – Income and option to Sell-1031/Cash or keep and Step Up.

Financial: Rental Income/Reduced Living Expenses

- Life Ins (Perm/Guaranteed Cash Values)
- Optional Augment with Existing Assets

Legal: Barbara Adult Kids Beneficiary (Control = Security)

- QTIP? (QPRT?) Ultimately No Trust (for now) due to Lack of Control (for Home)
- Non-Recip SLATs (Estate)
- In Stirpes Trust Planning (Comingled Assets for Joint Kids, Separate for 1st Marriage Kids)
- Bob – 765/BDIT for Biz Ownership, SLATs for 2024

Solutions (cont'd)

Bob = Protect Winnings, Keep Control, Build for Future

Barbara = Optionality: Rent Home – Income and option to Sell-1031/Cash, or keep and Step Up.

CPA:

- Document Money Flow/Taxes
 - Bob: Biz Ownership Transfer documentation (Coord with Valuation/Counsel)
 - Barbara: Rental Income, depreciation

Trustee(s):

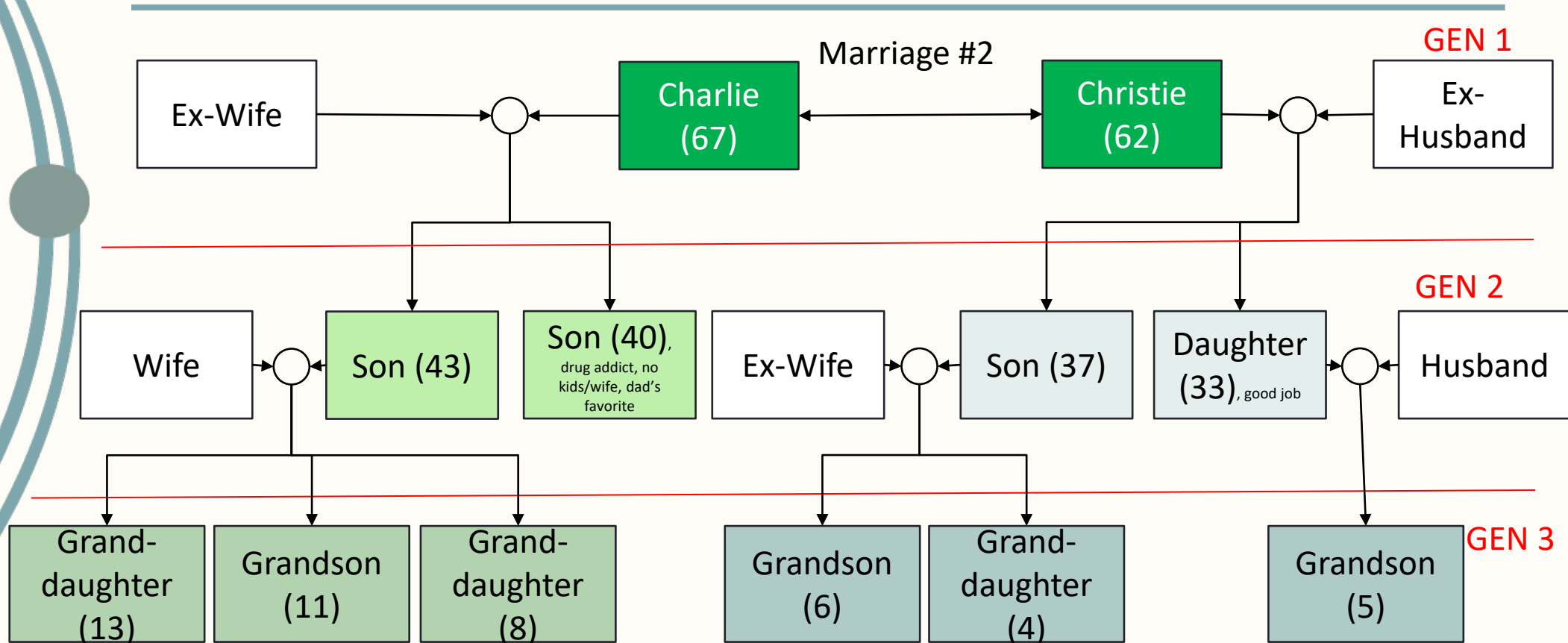
- Fiduciary for surviving spouse, separate and joint kids trusts
 - Beneficiary Maturity/performance considerations before access to Trust assets
- Coord with RE Expert/CPA for Sale/1031 as needed
- Manage Wealth Shifting from Bob's Estate to 765/BDIT, Pending SLATs



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Case Study 3: Charlie & Christie



Concerns & Goals

Financial Blind Spots

Charlie = Prior Surgeon, retired 50, manages RE \$65MM with Son

Christie = Operating Business \$55MM Growing, How to Replace Herself, Sell inside or outside

- ***Charlie:*** *Spend time/Travel with Christie and Grandkids*
 - *Wants Christie to take Strategic Owner role (less time in biz, more time with family)*
 - *Legacy/Tax Mitigation in Transition RE Biz to Successful Son (Option)*
 - *Care for Troubled Adult son*

Concerns & Goals

Financial Blind Spots (cont'd)

Charlie = Prior Surgeon, retired 50, manages RE \$65MM with Son
Christie = Operating Business \$55MM Growing, How to Replace Herself, Sell inside or outside

- **Christie:** Spend time/Travel with Charlie and Grandkids – only after Business more self-sufficient
 - Enhance Biz value (reduce Christie role, biz continuation)
 - Determine if Christie's son can run/buy biz (explore succession options)
- **Charlie AND Christie (Both)**
 - In Stirpes Legacy planning – no comingling - possible Gen Skipping?
 - Equal vs. Fair? (Troubled Son for Charlie)



Solutions

Charlie = Organize his RE for tax efficiency, control and legacy (RE Expert) , Backstop Troubled Son

Christie = Business Continuation, Runway for Internal Succession, Option for 3rd Party Sale

Financial:

- Christie established Life Ins (Perm/Guaranteed Cash Values) in Special Purpose LLC (Biz Asset – Transfer for Value Optionality), Long Term Care Hedge
- Optional Augment with Existing Assets

Legal: Trust Build Out – Determine Asset Transfer in 2024 (prior to 2025 Estate Sunset), Charitable Offsets

- Non-Recip SLATs (Business/RE)
- In Stirpes Legacy Planning (Gifting for other side) Legacy/Gen Skipping Trusts
- Charles Troubled Son transition to Spendthrift Trust, Explore CRT (Fund with Highly Appreciated RE Sale)

Solutions (cont'd)

**Charlie = Organize his RE for tax efficiency, control and legacy (RE Expert),
Backstop Troubled Son**

**Christie = Business Continuation, Runway for Internal Succession, Option for 3rd
Party Sale**

CPA:

- Document Money Flow/Taxes
 - RE to Spendthrift Trust/CRT

Trustee(s):

- Fiduciary for surviving spouse, separate grandkids
 - Maturity/performance access to Trust assets
- Coord with RE Expert for Sale/1031 as needed
- Spendthrift Trust Specifics, Possible CRT Management – Letter(s) of Intent/FAMILY GOVERNANCE RETREAT



Comparing the 3 Blended Family Case Studies

In Common

- *What they said they wanted wasn't always what they really wanted* – competing goals
- *Lack of clarity* on how to bring family governance for long term resolution/harmony
- *Collaboration with multiple quality advisors is “Secret Sauce”* for client experience, best results

Unique

- *Customized planning, goals, access/control of assets*
- *Highly variable relations* with Ex-spouses (collaborative vs. corrosive)
- *Variable relations (trust) with advisors* (bad/missing others highly trusted)



Keys to Success

- *Patient, Curious Listening:*
 - Not just what they are saying, but what they mean
- *Walk with Them:*
 - Early/Easy Wins – Measurable Progress
 - Set Expectations/Next Steps/Progress to Their Goals
- *Critical Collaboration:*
 - Multiple Clients: Client/Client Family/Client Advisors
 - Make Sure Client Succeeds (Especially if “Not Your Job”)

QUESTIONS?



Jason



Mo



Sandy

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