

# 2024 · WHAT ISSUES SHOULD I CONSIDER IF I EXPERIENCE A SUDDEN WEALTH EVENT?

| CASH FLOW ISSUES   | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <b>Do you need to set aside cash or make a plan to fund any income tax liability that may result from the wealth event?</b>                            | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Do you plan to make any large expenditures in the near term?</b> If so, consider holding adequate cash to fund the upcoming expenses.               | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Do you need to revisit your routine spending habits?</b>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Are you able to save more?</b> If so, reference “What Accounts Should I Consider If I Want To Save More?” checklist.                                | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Will the increase in wealth affect any regular expenses that are tied to your income (e.g., tax, financial aid, student loans, Medicare costs)?</b> | <input type="checkbox"/> | <input type="checkbox"/> |

| ASSET & DEBT ISSUES  | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <b>Did you receive illiquid assets (e.g., notes, real estate, or interests in a private company)?</b> If so, consider how to manage the assets and potential strategies for divestment and diversification.                              | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Did you receive cash?</b> If so, consider how much you are willing to invest for long-term growth, and establish a sound investment strategy. Reference the “What Issues Should I Consider When Reviewing My Investments?” checklist. | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Does the wealth event have a foreign source?</b> If so, consider what reporting requirements must be met and additional tax obligations, etc.   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Are there any conditions that must be met to keep the new financial interests?</b> (continue on next column)  | <input type="checkbox"/> | <input type="checkbox"/> |

| ASSET & DEBT ISSUES (CONTINUED)   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <b>Do you have debts?</b> If so, consider the following: <ul style="list-style-type: none"> <li>■ If you have credit card debt, pay off balances, prioritizing cards with higher interest rates.</li> <li>■ If you have student loans, analyze your repayment options and the effect of paying off your balances in a lump sum. Reference the “What Issues Should I Consider When Paying Off My Student Loans?” checklist.</li> <li>■ If you have a mortgage, compare the merits of paying it off in a lump sum, making increased monthly payments, or maintaining the status quo.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Did you receive a gift or inheritance of non-cash assets?</b> If so, understand the cost basis of the assets in your hands and the future tax consequences.  | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Have you made loans to family members?</b> If so, consider the gift and income tax consequences associated with any forgiveness of payments or the loan balance.   | <input type="checkbox"/> | <input type="checkbox"/> |

| INSURANCE PLANNING ISSUES  | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <b>Have your life insurance needs changed?</b> If so, consider the following: <ul style="list-style-type: none"> <li>■ If you put policies in place to replace your income or eliminate debt in the event of your untimely death, review how your newly-acquired assets might reduce these needs.</li> <li>■ If your increase in net worth exposes you to federal and/or state estate taxation, explore using life insurance to fund your tax liability if your estate is illiquid.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Does your wealth increase your exposure to lawsuits?</b> If so, consider additional umbrella insurance protection.  | <input type="checkbox"/> | <input type="checkbox"/> |

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| TAX PLANNING ISSUES   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <p><b>Are you able to control the timing and terms of the wealth event?</b> If so, review your payout options and consider booking transactions strategically across tax years to minimize the tax liability.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Will the wealth event have ordinary income tax character and consequences (e.g., inherited traditional IRA RMDs, bonuses, severance pay, certain settlements)?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If tax isn't withheld, reserve adequate cash to pay income tax, and make estimated payments, if necessary.</li> <li>■ If you are on Medicare and the income increases your MAGI above \$103,000 (\$206,000 if MFJ), you may become subject to Part B and Part D surcharges in two years.</li> <li>■ If you have net investment income and the income increases your MAGI above \$200,000 (\$250,000 if MFJ), you may become subject to the 3.8% NIIT.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Will the wealth event have capital gains tax character and consequences?</b> If so, understand what capital gains rate (including the 3.8% NIIT, if applicable) applies to you, and consider harvesting losses to offset gains.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you want to reduce your taxable income to minimize tax and stay below certain thresholds?</b> If so, consider maximizing pre-tax contributions to retirement plans, contributing to an FSA and HSA, and making deductible charitable gifts. Be mindful that capital gains may also trigger additional Medicare Part B and Part D surcharges in two years.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |

| LONG-TERM PLANNING ISSUES  | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <p><b>Is the wealth event significant enough to dramatically impact your financial position?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Reevaluate your overall financial plan in light of your change in circumstances.</li> <li>■ Make appropriate adjustments to your objectives, risk tolerance, time horizon, etc.</li> <li>■ Adopt wealth preservation strategies that are tailored to your new situation. (continue on next column)</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |

| LONG-TERM PLANNING ISSUES (CONTINUED)  | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <p><b>Do you have children/grandchildren that will pursue higher education?</b> If so, consider funding 529 accounts or an education trust to save for future educational expenses. See the "What Issues Should I Consider To Fund My Child's Education?" checklist.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you need to review and/or revise your estate plan?</b> If so, provide your updated financial information to your attorney, and plan for the disposition and possible taxation of your estate at your death.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you want to make gifts to your family and friends?</b> If so, gifts up to the annual exclusion amount of \$18,000 (per year, per donee) are gift tax-free.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Are you charitably inclined?</b> If so, the tax year of the wealth event might be a good time to make a large charitable gift. Direct gifts to charities or a donor advised fund or advanced strategies such as charitable trusts and private foundations can reduce your income tax liability and fulfill your philanthropic goals.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

| OTHER ISSUES  | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <p><b>Will your good fortune be publicized?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If you won the lottery, you may be able to protect your privacy by claiming the winnings through an entity (e.g., a partnership or trust). Rules vary by state.</li> <li>■ You may be a target for fraud and scams.</li> <li>■ Be prepared to address requests from friends and family members for financial assistance.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you need to increase protective measures?</b> If so, consider whether physical or cyber security measures are warranted.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Are there state-specific issues that should be considered?</b></p>  | <input type="checkbox"/> | <input type="checkbox"/> |

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