Secure Act 2.0:

The Future of Retirement, Estate and Succession Planning

April 25, 2024

** While First Horizon offers trust services, we do not provide legal or tax advice. You should consult your legal or tax advisor concerning your situation.*

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THE IMPACT OF THE SECURE ACT 2.0 ON INDIVIDUALS

- New Employer Based Matching
- Remaining 529 accounts
- RMD Ages
- Student Loans

Financial Planning and Private Client Services

Financial Planning services are provided through our team of CERTIFIED FINANCIAL PLANNER™ professionals, in partnership with our Private Client Services group. We offer our expertise to those having $1,000,000 or more in investable assets or household income in excess of $300,000 annually. If you would like to discuss the benefits of developing a comprehensive financial plan, talk with your Private Client Relationship Manager.

THE IMPACT OF THE SECURE ACT 2.0 ON ESTATE PLANNING

- The SECURE Act of 2019, radically changed the estate planning landscape for retirement benefits. Most beneficiaries can no longer "stretch" distributions over their lifetimes.

- Non-spouse beneficiaries who inherited IRAs on or after Jan. 1, 2020, must empty the account within 10 years of the account owner's death.

- Trusts named as beneficiaries may face profound impacts on retirement plans.

- The loss of the stretch IRA for non-eligible beneficiaries may bring unexpected tax burdens that should be discussed with your tax attorney.

- Conduit trusts are now subject to the same 10-year liquidation requirements.

OTHER ESTATE PLANNING CONSIDERATIONS

- Review retirement account beneficiary designations with your financial advisor, CPA, Trust Officer or estate attorney.

- Consider how the Secure Act rules may impact inheritances and taxes.

- Review your existing strategies and estate planning documents. Retirement accounts with a Trust as beneficiary should be reviewed by your estate planning attorney and financial advisor.

- Estate planning strategies retirement plan owners may want to explore:
    - Leaving retirement assets in trust for surviving spouse and non-retirement assets to children.
    - Consider life insurance trusts, Charitable Reminder Trusts or Accumulation Trusts into strategies.
    - Planning for qualified charitable distributions.

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THE SECURE ACT 2.0 AND QUALIFIED CHARITABLE DISTRIBUTIONS

- For tax year 2024, Qualified Charitable Distributions ("QCD") enable individuals who are age 70.5 to fulfill their required minimum distribution by a direct transfer of up to $105,000 to charity.
- The Secure Act 2.0 now allows in 2024, for a one-time gift of up to $53,000 to a charitable remainder annuity trust, a charitable remainder unitrust, or an immediate charitable gift annuity (or Life Income Plan) as part of the annual QCD.
- Amount to be adjusted annually for inflation.
- This amount counts toward the annual RMD, if applicable.

*Note, for gifts to count, they must come directly from your IRA by the end of the calendar year. QCDs cannot be made to all charities.

Source: IRS.gov

THE IMPACTS OF THE SECURE ACT 2.0 ON BUSINESSES

- Additional tax credit for automatic enrollment
- Inclusion of long-term, part-time employees
- Penalty-free withdrawals
- Employers can now match student loan repayments as 401(k) contributions
- Catch-up Contributions required to be Roth for those earning $145,000+
- Auto-Enroll mandatory for new plans starting 2025
- Simplified Employee Pensions (SEP IRA Plans)
- SIMPLE IRA Plans

Resources: Broadridge Investor Communication Solutions, Inc.

IRS.gov

Stages of Business

STARTUP

Health and Disability Insurance

Property and Casualty Needs

A Buy/Sell Agreement

Key Person Plans

GROWTH

Qualified Retirement Planning

Employee Retention Strategies

Business Risk Assessment

Business Owner Initial Estate Planning

MATURITY

In-depth Tax and Estate Planning Strategies

Family Governance Issues

Non-qualified Deferred Retirement Plan for Key Executives

Ownership Structure

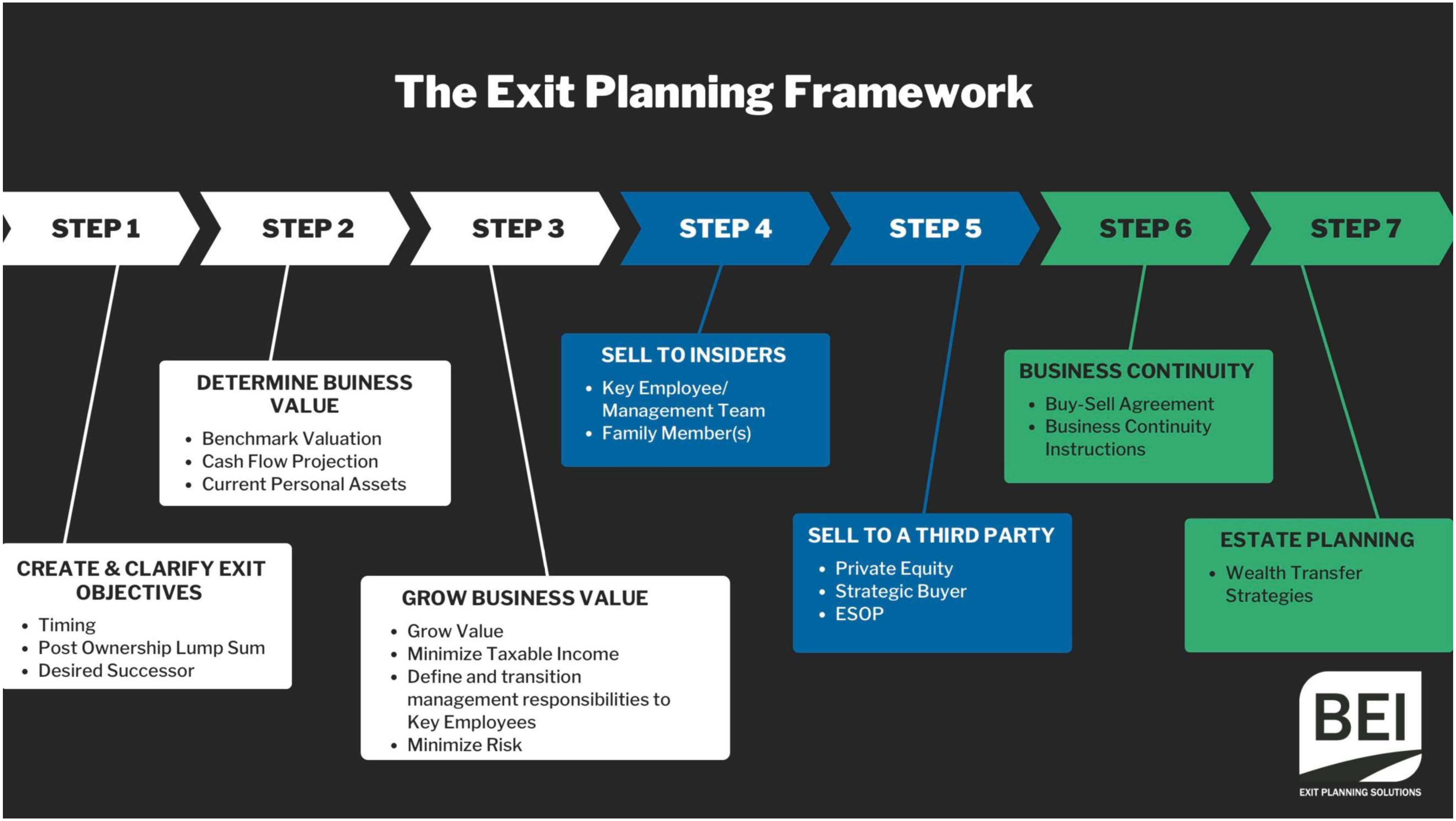
EXIT / TRANSITION

Timing

Internal / External Buyers

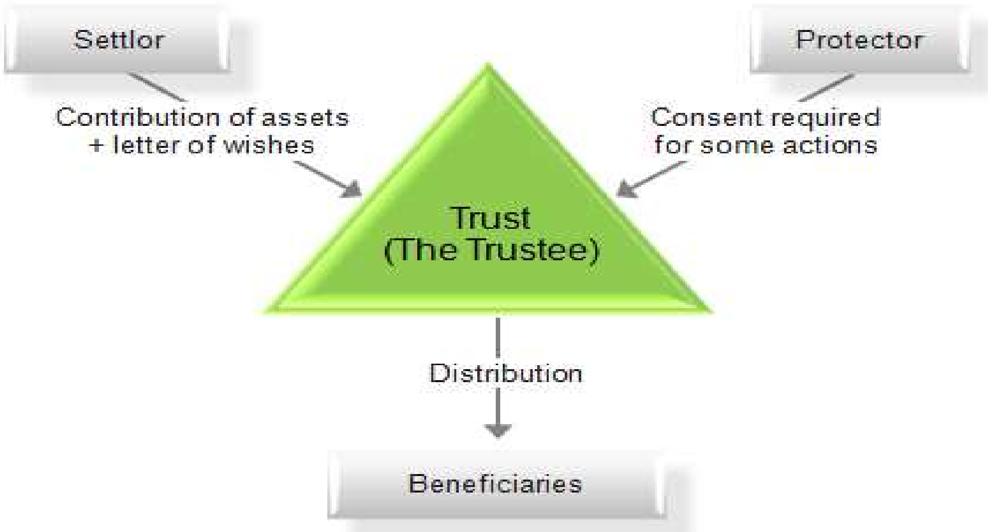
Tax Efficient Transfers

Post Sales Cash Flow Analysis and Asset Allocation


The Exit Planning Framework
STEP 1
STEP 2
STEP 3
STEP 4
STEP 5
STEP 6
STEP 7
CREATE & CLARIFY EXIT OBJECTIVES
• Timing
• Post Ownership Lump Sum
• Desired Successor
DETERMINE BUINESS VALUE
• Benchmark Valuation
• Cash Flow Projection
• Current Personal Assets
GROW BUSINESS VALUE
• Grow Value
• Minimize Taxable Income
• Define and transition management responsibilities to Key Employees
• Minimize Risk
SELL TO INSIDERS
• Key Employee/ Management Team
• Family Member(s)
SELL TO A THIRD PARTY
• Private Equity
• Strategic Buyer
• ESOP
BUSINESS CONTINUITY
• Buy-Sell Agreement
• Business Continuity Instructions
ESTATE PLANNING
• Wealth Transfer Strategies
BEI
EXIT PLANNING SOLUTIONS

WHY CONSIDER A CORPORATE TRUSTEE

- Skill and experience managing trusts
- Professional money management, transparency, objectivity
  - Agent versus Trustee
  - Co-Trustee
  - Successor Trustee
- Preserving family dynamics: blended families, special needs, spendthrift
- Continuity with checks and balances
- Regulatory oversight
- Tax management



Continue Caring for Your Loved Ones After You're Gone With an Estate Plan

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Estate Planning for Loved Ones - First Horizon Bank

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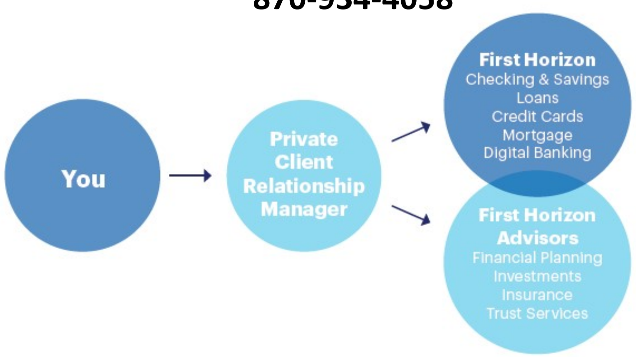

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Thank you

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