



WORK \ FINANCE \ LIFE



The 10 Best Power Lunch Spots; The NHL Gambles on Vegas; Why Wall Street Needs Women



BlackRock's Larry Fink on Power; How Jerry Brown Leads California; Opportunities in Africa



The Case for Testosterone; Five Cars Built for Speed; Where the Powerful Live

Worth[®]

THE EVOLUTION OF FINANCIAL INTELLIGENCE



2016 POWER

100



THE MOST POWERFUL MEN AND WOMEN IN GLOBAL FINANCE

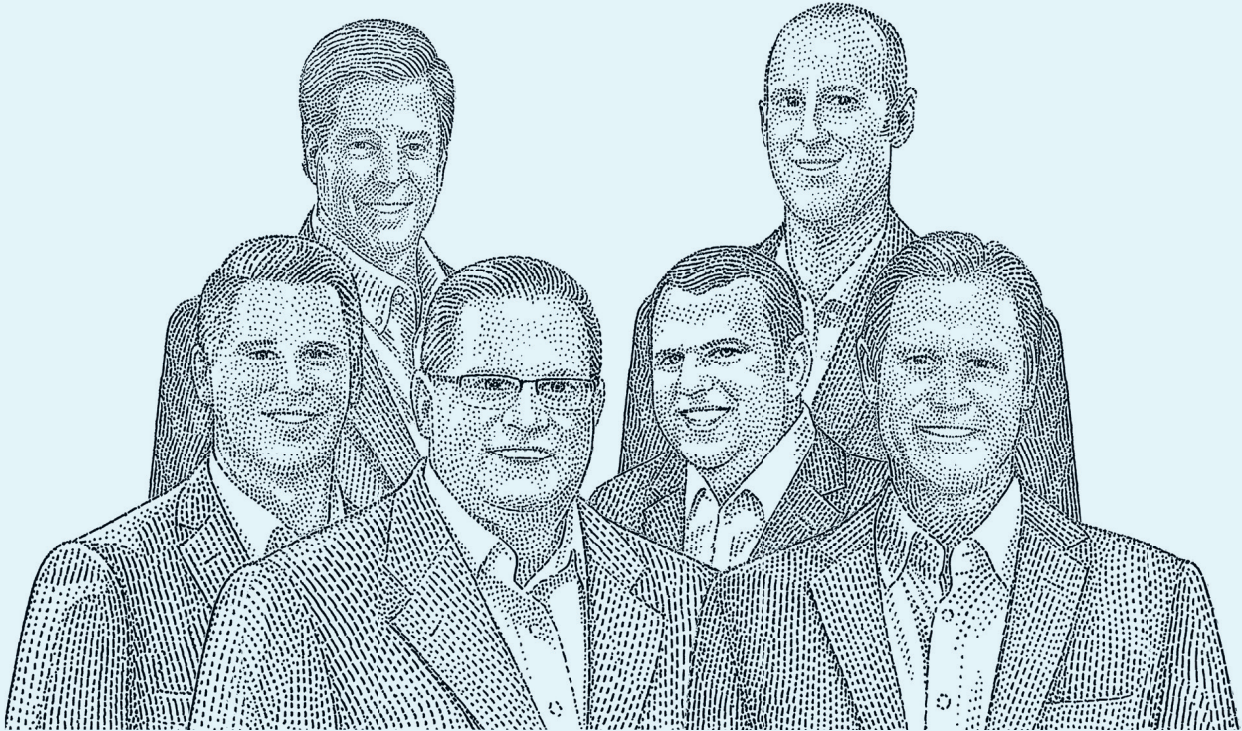
WORTH.COM



VOLUME 25 | EDITION 05

What are some effective strategies to transfer wealth to my next generation?

BY MICHAEL KROL, CFP®, CPA



Clockwise, from top right: Matthew Helfrich, John Waldron, Benjamin Greenfeld, Chris Roe, Michael Krol, Jim Mendelson

WALDRON PRIVATE WEALTH

1150 Old Pond Road, Pittsburgh, PA 15017

412.221.1005

TEAM

John Waldron, CFP®, Founder,
Chief Executive Officer

Matthew Helfrich, CFP®, President

Benjamin M. Greenfeld, CFP®,
Chief Investment Officer

Jim Mendelson, Managing Director

Michael Krol, CFP®, CPA, Chief Financial
Officer, Chief Service Officer

Chris Roe, CPA/PFS, Managing Director

FINANCIAL SERVICES EXPERIENCE

112+ years (combined)

ASSETS UNDER MANAGEMENT

\$1.2 billion (as of 12/31/2015)

MINIMUM FEE FOR INITIAL MEETING

None required

MINIMUM NET WORTH REQUIREMENT

\$2 million

LARGEST CLIENT NET WORTH

Confidential

COMPENSATION METHOD

Asset-based (investment services),
hourly and fixed fees

PRIMARY CUSTODIANS FOR INVESTOR ASSETS

Fidelity Family Office Services and Pershing

PROFESSIONAL SERVICES PROVIDED

Planning and investment-advisory services

EMAIL

jwaldron@waldronpw.com
mhelfrich@waldronpw.com
bgreenfeld@waldronpw.com
jmendelson@waldronpw.com
mkrol@waldronpw.com
croe@waldronpw.com

WEBSITE

www.waldronprivatewealth.com

D

ue to the complexity of the income and estate tax code, passing assets to future generations is not as straightforward as it may appear.

The first thing to consider when planning to pass assets on to your next generation, is what your goals are. Some of the more common goals among wealthy families include: maximizing your wealth transfer to the next generation, protecting your heirs from creditors, controlling assets, avoiding or limiting estate taxes and incorporating charitable efforts.

There are many different estate-planning strategies that can be implemented, depending on your goals. The following are some effective techniques we've employed to support many of these objectives:

1. ANNUAL GIFTING

This is one of the simplest ways to pass wealth on to your next generation. Each individual may gift up to \$14,000 annually to each heir; for married couples, this would equate to \$28,000 per year. There is no gift tax return required,

and for larger families, this strategy can result in a large transfer of wealth over time. This is a great strategy for families who are looking for a simple way to move assets to their next generation, and are not worried about controlling assets or protecting the assets from creditors.

growth and the interest rate is what will remain outside of the estate. One additional benefit to this strategy is that all taxes are paid by the person or entity loaning the assets to the trust. This results in allowing the assets outside of your taxable estate to grow, in essence, income tax free, while also

“

Passing assets to future generations is not as straightforward as it may appear.

”

2. IRREVOCABLE LIFE INSURANCE TRUST (ILIT)

This strategy was very common when the lifetime exclusion was low, and many individuals found themselves in an estate tax situation where liquidity would be needed to pay the estate tax. With an ILIT, you obtain a life insurance policy, with the owner being a trust outside of your taxable estate. Each year, you gift premiums to the trust to pay for the policy. Upon your death, the death benefit of the policy is paid out in trust, and avoids any income or estate taxes. An ILIT accomplishes the goals of protecting assets from creditors, allowing some control over the assets and avoiding estate taxes.

3. GRANTOR RETAINED ANNUITY TRUSTS (GRATS)

A GRAT is an estate-planning strategy that is a little more complicated, and is used to “freeze” an estate. What this means, is that you try to place most of the future growth of certain assets outside of your taxable estate. The strategy involves choosing assets that have high growth potential or present a valuation discount, and aims to earn more than the interest rate set by the government. The difference between the

reducing the assets in your taxable estate. You therefore gain the equivalent of a free gift to the trust. A GRAT accomplishes the goals of protecting assets from creditors, avoiding estate taxes and securing control of asset distributions via trust documents.

There are many estate-planning strategies that will help transfer assets to your next generation effectively. To determine the best strategy for your situation, you should first identify the goals you have for your assets. The next step is to work with a trusted advisor to develop a comprehensive plan to help achieve your wealth-transfer goals. ●

Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Waldron), or any noninvestment-related services, will be profitable, equal any historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Waldron is neither a law firm nor accounting firm, and no portion of its services should be construed as legal or accounting advice. A copy of Waldron's current written disclosure statement discussing advisory services and fees is available at www.waldronpw.com. The scope of the services to be provided depends upon the terms of the engagement.

ABOUT US

WALDRON PRIVATE WEALTH IS A BOUTIQUE PRIVATE WEALTH-MANAGEMENT FIRM THAT ADVISES A SELECT GROUP OF HIGH NET WORTH INDIVIDUALS, FAMILIES AND FAMILY OFFICES. By limiting the number of clients it serves,

Waldron can offer greater focus on how to best simplify the complexities of significant wealth, so all clients can achieve what's important in their lives. Waldron's advisory team is prepared to serve the firm's clients across a wide range of key financial disciplines. The advisory team includes: three CPAs, ten CFPs, two CFAs, an attorney, a certified divorce financial analyst and a certificate holder from the Institute for Preparing Heirs. ●



John Waldron, CFP®
Founder and Chief Executive Officer

Matthew Helfrich, CFP®
President

Benjamin M. Greenfeld, CFP®
Chief Investment Officer

Jim Mendelson
Managing Director

Michael Krol, CFP®, CPA
Chief Financial Officer, Chief Service Officer

Chris Roe, CPA/PFS
Managing Director

Waldron Private Wealth

1150 Old Pond Road
Pittsburgh, PA 15017
Tel. 412.221.1005

jwaldron@waldronpw.com
mhelfrich@waldronpw.com
bgreenfeld@waldronpw.com
jmendelson@waldronpw.com
mkrol@waldronpw.com
croe@waldronpw.com
www.waldronprivatewealth.com

REPRINTED FROM

Worth
THE EVOLUTION OF FINANCIAL INTELLIGENCE

Waldron Private Wealth is featured in Worth® 2016 Leading Wealth Advisors™, a special section in every edition of Worth® magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by Worth®, and thereafter paid the standard fees to Worth® to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by Worth®, and Worth® will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. Worth®, a publication of the Worth Group LLC, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. Worth® is a registered trademark of the Worth Group LLC.