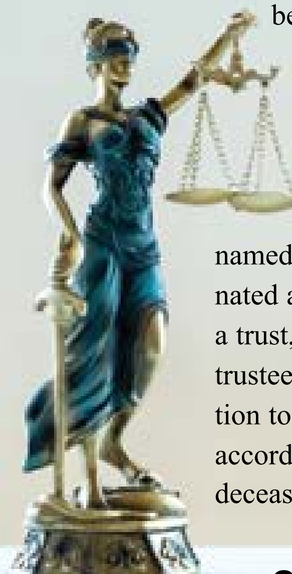
# Know your rights as a beneficiary of a trust or estate

As a beneficiary, it's crucial to understand your rights to ensure you receive what has been designated for you and that the process is carried out fairly. Here's what you need to know.

## Your rights as a beneficiary



- **Right to receive inheritance as dictated by the estate or trust.** One of the fundamental rights of beneficiaries is to receive their inheritance as stipulated in the estate or trust documents. Whether you are named in a will or designated as a beneficiary of a trust, the executor or trustee has a legal obligation to distribute assets according to the deceased's wishes.
- **Right to information.** Beneficiaries are entitled to receive information regarding the estate or trust, including its contents, the management of assets, and the expected timeline for distributions. Trustees and executors have a fiduciary duty to keep beneficiaries informed and act in their best interests.

  In the case of a trust, beneficiaries often have the right to request a copy of the trust document. This allows them to understand the terms of their inheritance and any stipulations attached to it. For estates, wills typically become public record through the probate process, making them accessible to beneficiaries.
- **Right to an accounting of assets, distributions, and expenses.** Beneficiaries have the right to request a report with the following information:
  - A list of all assets and their values
  - Any income generated by trust assets
  - Expenses and debts paid by the estate
  - Distributions made to beneficiaries
  - Fees paid to the executor or trustee

Depending on how long it takes to administer the estate, consider asking for several reports at a consistent interval.

## What to do if your rights are violated

If you believe that your rights as a beneficiary are being violated, here are several courses of action you can take:

- **Request information in writing.** Formally ask the executor or trustee for the necessary documents and updates.
- **Consult an attorney.** A legal professional specializing in estate or trust law can help enforce beneficiary rights.
- **Petition the court.** If a trustee or executor is failing in their duties, beneficiaries can petition the court for an accounting, removal of a fiduciary, or enforcement of distributions. ❑



# 3 reasons to consider a living trust for your assets

A living trust is a legal entity that controls your assets after you die, compared with a will that tells a court what to do with your assets. Here's why it may be helpful for you to have a living trust:

## 1 To avoid probate

Probate is a lengthy legal process that can delay your heirs' inheritance for several months or longer. It can be expensive, with many states charging fees based on a percentage of the assets you leave behind. Probate proceedings also create public records that anyone can view, so you'll sacrifice some privacy. And, if you own property in multiple states, there will be a separate probate process carried out for each state, which can be a hassle. Assets in a living trust avoid probate court all together. When you pass away, control of the trust transfers to a person you choose, whether a relative or a paid professional trustee.

## 2 You have heirs with special needs

A trust can provide ongoing financial management for an heir with special needs who may never be able to manage their own affairs. Your heir may also lose eligibility for some forms of government assistance if they are granted their inheritance outright through a will. A living trust could help avoid that situation.

## 3 You want ongoing conditions on an inheritance

While a will generally just distributes assets immediately after your death, a trustee can be given detailed instructions on how to handle the assets over the course of many years. You could, for example, instruct that an inheritance is doled out in thirds every ten years. Or, you could make an heir's access to inheritance funds dependent on them avoiding legal trouble or substance abuse.

**Tax Planning Insights, MidYear 2025:** This newsletter is issued annually to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.



# TAX PLANNING INSIGHTS

MidYear 2025

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TAX AND ACCOUNTING PRODUCTS
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Dear Clients and Friends,

Life changes often bring financial surprises – and tax implications. Whether you're getting married, having a child, changing jobs, or retiring, these life events can significantly impact your tax situation.

In this edition of the Tax Planning Insights newsletter, learn how proactive planning ensures that you're prepared to address common life events and able to understand their typical tax implications.

Also explore how to cash in on the zero percent capital gains tax rate, how lifestyle budgeting can provide a flexible way to manage your money, and why you should know your rights if you're a beneficiary of a trust or estate.

These insights are sent as a reminder of our commitment to help you minimize your taxes. Please call if you have any questions about your tax situation.

# LIFE EVENTS create the need for TAX PLANNING

The need for a tax planning session is often triggered by a big change in your situation. These changes, often called life events, can make a difference in your upcoming tax bill. Ideally you should have a plan before the event occurs. Here's a look at several of these life events and how they could impact your tax bill.

## Marriage

Getting married comes with plenty of tax decisions. This is especially true if a home or two is involved or there is a change in the number of your dependents. But it starts with deciding the basics, like filing joint or separate tax returns, understanding the changes a joint filing will make, and seeing if it changes the way you report your deductions. Plus if you are an older couple walking down the aisle, you will need to account for the possible taxation of Social Security benefits.

*Tax tip: If one spouse doesn't work, they can still contribute to a spousal IRA, as long as you file jointly. For 2025, each spouse can contribute up to $7,000 ($8,000 if age 50 or older). And a bonus tip: Remember you are deemed married for the full year even if you get married on the last day of the year. Use this knowledge to your tax advantage!*

## Divorce

If you have a divorce or separation agreement executed after Dec. 31, 2018, the spouse making alimony payments cannot reduce their income by these payments. Child support follows the same equation, as the child support payments do not need to be reported as income by the receiving spouse and are not deductible by the person paying it. Plus, each asset distributed may have differing tax treatment. So before the divorce becomes final, sit down to understand the after-tax value of what you are agreeing to do.

*Tax tip: If both parents agree, it's often best for the higher-earning parent to claim the children on their tax return. Doing so allows them to file as head of household, which offers a higher standard deduction than filing single and can unlock valuable tax credits. Be sure to factor this into your divorce agreement.*

## Birth

A new baby means a new dependent — and potential tax savings. You may qualify for new credits and deductions right away.

*Tax tip: Working parents can claim a tax credit for child care expenses for kids under age 13, so a newborn qualifies. Some employers also offer dependent care reimbursement benefits. Remember that dependent related benefits apply here too, whether it is a new birth or an adoption.*

## Buying or selling investments

Investments are subject to differing tax rates, often related to how long you own the underlying asset. Plus using appreciated long-term investments as part of a charitable contribution strategy is one of the best tax savings ideas still available to everyone. So managing the timing and way you sell property can really change its tax nature. In addition, if you have a choice, consider placing income-generating investments such as bonds or dividend stocks in tax-deferred accounts such as IRAs or 401(k)s. Use taxable accounts for investments you intend to hold for more than one year, as these will qualify for favorable capital gains tax treatment.

*Tax tip: Consider selling investments with losses to offset assets you sell at a gain.*

## Selling your home

If you've owned and lived in your home for at least two of the last five years, you may exclude up to $250,000 of profit from taxes ($500,000 if married filing jointly).

*Tax tip: Track and document all home improvements, as this increases your home's cost basis and reduces any future tax bill when you sell.*

Major life events should prompt an important question: Will this affect my tax bill? Often, the answer is yes! ❑

# Cash in on 0% capital gains tax rate

The maximum capital gains tax rate can currently be as high as 23.8 percent. It's possible, though, to lock in a zero percent rate. Here's what you need to know:

**Qualifying for the 0% capital gains rate**
You qualify for long-term gain treatment if you sell stocks, bonds or real estate (and other capital assets) you've owned longer than a year.

For 2025, the zero percent rate applies to long-term capital gains for single taxpayers with taxable income up to $48,350 and married filing joint taxpayers up to $96,700. The zero percent rate can apply if you're having a low income tax year due to:

- Temporary job loss
- A tax loss passed through to you from an S corporation or partnership
- Income fluctuation for a commission-based job
- Retirement
- Moving to part-time employment

But you could also have a higher income and qualify for this zero percent rate. For example, if a married couple earns $126,700 in 2025, their taxable income would equal the $96,700 zero percent rate threshold after subtracting the $30,000 standard deduction for a married couple.

**Awareness is the key**
While the zero percent tax rate may not be available to you every year, it's important to know when it comes into play.

***Here's an example:** Adam and Eve Johnson recently retire. They have a number of ETFs they've owned for years and have retirement savings accounts. Their current income is $58,700. Should they withdraw money from a retirement account or sell some of their ETFs? Because they're aware of the zero percent capital gains tax rate, they decide to sell ETFs with $25,000 in capital gains to get the money tax free!*

**Plan your own tax moves**
So keep the zero percent capital gains rate in mind throughout the year. Know your projected income for the year and depending on your situation, you might realize capital gains that are subject to no or lower tax rates.

# Lifestyle budgeting: A flexible way to manage your money


Traditional budgeting focuses on cutting costs and restricting spending, whereas lifestyle budgeting offers a more flexible and personalized approach. Here's a look at what lifestyle budgeting is and how you and your family can benefit from using it.

## Lifestyle budgeting defined

Lifestyle budgeting organizes your spending based on your financial goals and the way you want to live. Instead of focusing on strict limits or cutting spending across the board, lifestyle budgeting's focus is on what's important to you while still covering essential day-to-day expenses.

## Implementing a lifestyle budget

Here are some ideas to create your own lifestyle budget.

❯ STEP 1: **Identify your lifestyle priorities.** This could include:

- Travel and experiences
- Health and wellness
- Real estate and home investments
- Starting and growing a business
- Family and education expenses
- Retirement and passive income goals
- Philanthropy and charitable giving

❯ STEP 2: **Create lifestyle spending categories.** Here are some ideas:

- ***Essentials.*** Mortgage/rent, utilities, insurance, and groceries.
- ***Experiences & leisure.*** Travel, dining, hobbies, and entertainment.
- ***Personal growth.*** Education, fitness, and professional development.
- ***Wealth & investments.*** Stocks, real estate, business investments.
- ***Generosity & giving.*** Donations, family gifts, and charity.

❯ STEP 3: **Align your spending with income fluctuations.** Instead of a fixed monthly budget, use a percentage-based approach that divides spending proportionally based on your earnings. For example:

- 50% of income for essentials
- 20% for lifestyle experience
- 20% for savings and investments
- 10% for giving or personal growth

❯ STEP 4: **Automate your savings, investments, and bill payments** by setting up systems to allocate money to different accounts as soon as income is received. If you're able to, consider working with a family office, personal CFO, or a wealth manager to help you with other recurring tasks.

❯ STEP 5: **Reassess and adjust as needed.** Review your spending and investment allocations quarterly or annually to make sure they still align with your desired lifestyle.

Whether you're saving for the future or maximizing your day-to-day spending, lifestyle budgeting offers the flexibility and structure needed to achieve long-term financial success. ❑