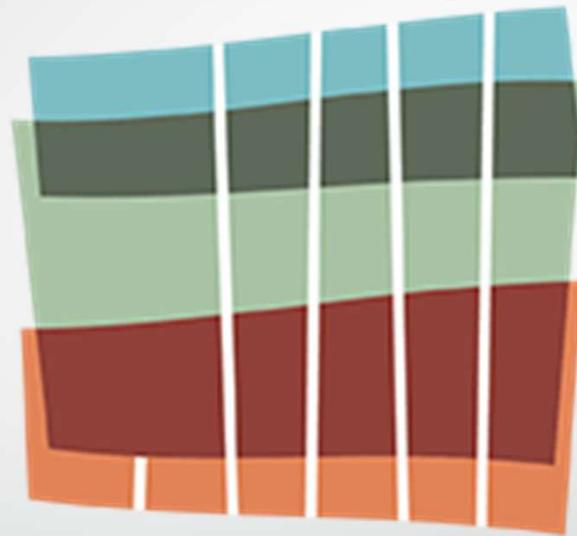


BREAKFAST 7:30 a.m – 8:00 a.m

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AMARILLO AREA
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Welcome & Introduction

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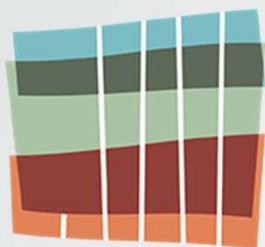
DR. RAY PERRYMAN

**THE ECONOMIC OUTLOOK FOR THE
UNITED STATES, TEXAS AND THE
AMARILLO AREA**

8:20 a.m. – 9:20 a.m.

BREAK: 9:20 a.m. – 9:45 a.m.

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AMARILLO AREA
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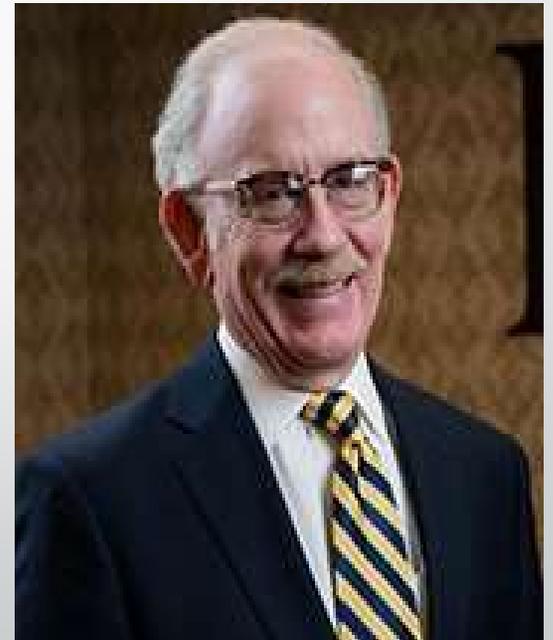
Gold



MONTY BLACKMAN



SAMUEL B. LOVELADY



CPA PANEL

9:45 a.m. – 11:15 a.m.

CPA Panel: Trust Accounting and Taxation

Samuel B. Lovelady & Monty Blackman

Topics:

- Review of Form 1041
- Team approach to estate planning
- Differences in Taxable income, Accounting income and DNI
- Fiscal year elections
- Length of time estate is open
- Estimated tax payments - estate
- Form 8855
- Life Insurance Policies as “assets”
- Section 663(b)/65 day election
- Planning for grandparents
 - per stirpes vs. per capita
- IRS Audits of trusts and estate income tax returns
- War Stories

Reviewing Form 1041

Department of the Treasury—Internal Revenue Service
Form 1041 U.S. Income Tax Return for Estates and Trusts 2022 OMB No. 1545-0092
 Go to www.irs.gov/Form1041 for instructions and the latest information.

A Check all that apply: For calendar year 2022 or fiscal year beginning _____, and ending _____

<input type="checkbox"/> Decedent's estate	Name of estate or trust (if a grantor type trust, see the instructions.)	C Employer identification number
<input checked="" type="checkbox"/> Simple trust	Smith Family Trust	12-3456789
<input type="checkbox"/> Complex trust	Name and title of fiduciary	D Date entity created
<input type="checkbox"/> Qualified disability trust	John Smith, Trustee	01/01/2020
<input type="checkbox"/> ESBT (S portion only)	Number, street, and room or suite no. (if a P.O. box, see the instructions.)	E Nonexempt charitable and split-interest trusts. Check applicable box(es). See instructions.
<input type="checkbox"/> Grantor type trust	801 S Fillmore Street	<input type="checkbox"/> Described in sec. 4947(a)(1). Check here if not a private foundation
<input type="checkbox"/> Bankruptcy estate—Ch. 7	City or town, state or province, country, and ZIP or foreign postal code	<input type="checkbox"/> Described in sec. 4947(a)(2)
<input type="checkbox"/> Bankruptcy estate—Ch. 11	Amarillo TX 79109	
<input type="checkbox"/> Pooled income fund		

B Number of Schedules K-1 attached (see instructions) **F** Check applicable boxes: Initial return Final return Amended return Net operating loss carryback

G Check here if the estate or filing trust made a section 645 election Trust TIN _____

Income	1 Interest income	1	350
	2a Total ordinary dividends	2a	14,300
	b Qualified dividends allocable to (1) Beneficiaries (2) Estate or trust		7,000
	3 Business income or (loss). Attach Schedule C (Form 1040)	3	
	4 Capital gain or (loss). Attach Schedule D (Form 1041)	4	18,457
	5 Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040)	5	
	6 Farm income or (loss). Attach Schedule F (Form 1040)	6	
	7 Ordinary gain or (loss). Attach Form 4797	7	
	8 Other income. List type and amount	8	
9 Total income. Combine lines 1, 2a, and 3 through 8	9	33,107	
Deductions	10 Interest. Check if Form 4952 is attached <input type="checkbox"/>	10	
	11 Taxes	11	
	12 Fiduciary fees. If only a portion is deductible under section 67(e), see instructions	12	1,600
	13 Charitable deduction (from Schedule A, line 7)	13	
	14 Attorney, accountant, and return preparer fees. If only a portion is deductible under section 67(e), see instructions	14	450
	15a Other deductions (attach schedule). See instructions for deductions allowable under section 67(e)	15a	
	b Net operating loss deduction. See instructions	15b	
	16 Add lines 10 through 15b	16	2,050
	17 Adjusted total income or (loss). Subtract line 16 from line 9	17	31,057
	18 Income distribution deduction (from Sch. B, line 15). Attach Schedules K-1 (Form 1041)	18	
	19 Estate tax deduction including certain generation-skipping taxes (attach computation)	19	
	20 Qualified business income deduction. Attach Form 8995 or 8995-A	20	
21 Exemption	21	300	
22 Add lines 18 through 21	22	300	
Tax and Payments	23 Taxable income. Subtract line 22 from line 17. If a loss, see instructions	23	30,757
	24 Total tax (from Schedule G, Part I, line 9)	24	6,217
	25 Current year net 965 tax liability paid from Form 965-A, Part II, column (k) (see instructions)	25	
	26 Total payments (from Schedule G, Part II, line 19)	26	
	27 Estimated tax penalty. See instructions	27	224
	28 Tax due. If line 26 is smaller than the total of lines 24, 25, and 27, enter amount owed	28	6,441
	29 Overpayment. If line 26 is larger than the total of lines 24, 25, and 27, enter amount overpaid	29	
30 Amount of line 29 to be: a Credited to 2023 b Refunded	30		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of fiduciary or officer representing fiduciary _____ Date _____ EIN of fiduciary if a financial institution Yes No

Paid Preparer's name: Personal Preparer's signature _____ Date: 10/24/23 Check self-employed if PRTN 123-45-6789

Preparer Firm's name: LPT CPAs + Advisors PLLC Firm's EIN: 75-2618166

Use Only Firm's address: 801 S Fillmore St Ste 420 Phone no.: 806-373-4884
 Amarillo, TX 79101

For Paperwork Reduction Act Notice, see the separate instructions. Form 1041 (2022)

Schedule A Charitable Deduction. Don't complete for a simple trust or a pooled income fund.			
1	Amounts paid or permanently set aside for charitable purposes from gross income. See instructions	1	
2	Tax-exempt income allocable to charitable contributions. See instructions	2	
3	Subtract line 2 from line 1	3	
4	Capital gains for the tax year allocated to corpus and paid or permanently set aside for charitable purposes	4	
5	Add lines 3 and 4	5	
6	Section 1202 exclusion allocable to capital gains paid or permanently set aside for charitable purposes. See instructions	6	
7	Charitable deduction. Subtract line 6 from line 5. Enter here and on page 1, line 13	7	

Schedule B Income Distribution Deduction			
1	Adjusted total income. See instructions	1	
2	Adjusted tax-exempt interest	2	
3	Total net gain from Schedule D (Form 1041), line 19, column (1). See instructions	3	
4	Enter amount from Schedule A, line 4 (minus any allocable section 1202 exclusion)	4	
5	Capital gains for the tax year included on Schedule A, line 1. See instructions	5	
6	Enter any gain from page 1, line 4, as a negative number. If page 1, line 4, is a loss, enter the loss as a positive number.	6	
7	Distributable net income. Combine lines 1-6. If zero or less, enter -0-	7	
8	If a complex trust, enter accounting income for the tax year as determined under the governing instrument and applicable local law	8	
9	Income required to be distributed currently	9	
10	Other amounts paid, credited, or otherwise required to be distributed	10	
11	Total distributions. Add lines 9 and 10. If greater than line 8, see instructions	11	
12	Enter the amount of tax-exempt income included on line 11	12	
13	Tentative income distribution deduction. Subtract line 12 from line 11	13	
14	Tentative income distribution deduction. Subtract line 2 from line 7. If zero or less, enter -0-	14	
15	Income distribution deduction. Enter the smaller of line 13 or line 14 here and on page 1, line 18	15	

Schedule G Tax Computation and Payments (see instructions)

Part I — Tax Computation				
1 Tax:				
a	Tax on taxable income. See instructions	1a	5,559	
b	Tax on lump-sum distributions. Attach Form 4972	1b		
c	Alternative minimum tax (from Schedule I (Form 1041), line 54) <i>why? Schedule I</i>	1c	0	
d	Total. Add lines 1a through 1c	1d		5,559
2a	Foreign tax credit. Attach Form 1116	2a		
b	General business credit. Attach Form 3800	2b		
c	Credit for prior year minimum tax. Attach Form 8801	2c		
d	Bond credits. Attach Form 8912	2d		
e	Total credits. Add lines 2a through 2d	2e		0
3	Subtract line 2e from line 1d. If zero or less, enter -0-	3		5,559
4	Tax on the ESBT portion of the trust (from ESBT Tax Worksheet, line 17). See instructions	4		
5	Net investment income tax from Form 8960, line 21 <i>any exceptions?</i>	5		658
6	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	6		
7	Household employment taxes. Attach Schedule H (Form 1040)	7		
8	Other taxes and amounts due	8		
9	Total tax. Add lines 3 through 8. Enter here and on page 1, line 24	9		6,217

Part II — Payments			
10	2022 estimated tax payments and amount applied from 2021 return	10	
11	Estimated tax payments allocated to beneficiaries (from Form 1041-T)	11	
12	Subtract line 11 from line 10	12	
13	Tax paid with Form 7004. See instructions	13	0
14	Federal income tax withheld. If any is from Form(s) 1099, check here <input type="checkbox"/>	14	
15	Current year net 965 tax liability from Form 965-A, Part I, column (f) (see instructions)	15	
16	Other payments: a Form 2439 : b Form 4136 : Total	16c	
17	Credit for qualified sick and family leave wages for leave taken before April 1, 2021	17	
18	Credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021	18	
19	Total payments. Add lines 12 through 15 and 16c through 18. Enter here and on page 1, line 26	19	

Other Information

	Yes	No
1 Did the estate or trust receive tax-exempt income? If "Yes," attach a computation of the allocation of expenses.		X
Enter the amount of tax-exempt interest income and exempt-interest dividends \$		
2 Did the estate or trust receive all or any part of the earnings (salary, wages, and other compensation) of any individual by reason of a contract assignment or similar arrangement?		X
3 At any time during calendar year 2022, did the estate or trust have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?		X
See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country		
4 During the tax year, did the estate or trust receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the estate or trust may have to file Form 3520. See instructions		X
5 Did the estate or trust receive, or pay, any qualified residence interest on seller-provided financing? If "Yes," see the instructions for the required attachment		X
6 If this is an estate or a complex trust making the section 663(b) election , check here. See instructions	<input type="checkbox"/>	
7 To make a section 643(e)(3) election, attach Schedule D (Form 1041), and check here. See instructions	<input type="checkbox"/>	
8 If the decedent's estate has been open for more than 2 years , attach an explanation for the delay in closing the estate, and check here	<input type="checkbox"/>	
9 Are any present or future trust beneficiaries skip persons ? See instructions		X
10 Was the trust a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		X
11a Did the estate or trust distribute S corporation stock for which it made a section 965(i) election?		X
b If "Yes," did each beneficiary enter into an agreement to be liable for the net tax liability? See instructions		
12 Did the estate or trust either make a section 965(i) election or enter into a transfer agreement as an eligible 965(i) transferee for S corporation stock held on the last day of the tax year? See instructions		X
13 ESBTs only. Does the ESBT have a nonresident alien grantor? If "Yes," see instructions		
14 ESBTs only. Did the S portion of the trust claim a qualified business income deduction? If "Yes," see instructions		

**SCHEDULE I
(Form 1041)**

Alternative Minimum Tax—Estates and Trusts

OMB No. 1545-0092

Attach to Form 1041.

2022

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form1041 for instructions and the latest information.

Name of estate or trust

Employer identification number

Smith Family Trust

12-3456789

Part I Estate's or Trust's Share of Alternative Minimum Taxable Income		
1	Adjusted total income or (loss) (from Form 1041, line 17). ESBTs, see instructions	31,057
2	Interest	
3	Taxes	
4	Refund of taxes	
5	Depletion (difference between regular tax and AMT)	
6	Net operating loss deduction. Enter as a positive amount	
7	Interest from specified private activity bonds exempt from the regular tax	
8	Qualified small business stock (see instructions)	
9	Exercise of incentive stock options (excess of AMT income over regular tax income)	
10	Other estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	
11	Disposition of property (difference between AMT and regular tax gain or loss)	
12	Depreciation on assets placed in service after 1988 (difference between regular tax and AMT)	
13	Passive activities (difference between AMT and regular tax income or loss)	
14	Loss limitations (difference between AMT and regular tax income or loss)	
15	Circulation costs (difference between regular tax and AMT)	
16	Long-term contracts (difference between AMT and regular tax income)	
17	Mining costs (difference between regular tax and AMT)	
18	Research and experimental costs (difference between regular tax and AMT)	
19	Income from certain installment sales before January 1, 1987	
20	Intangible drilling costs preference	
21	Other adjustments, including income-based related adjustments	
22	Alternative tax net operating loss deduction (See the instructions for the limitation that applies.)	
23	Adjusted alternative minimum taxable income. Combine lines 1 through 22	31,057
Note: Complete Part II below before going to line 24.		
24	Income distribution deduction from Part II, line 42	
25	Estate tax deduction (from Form 1041, line 19)	
26	Add lines 24 and 25	
27	Estate's or trust's share of alternative minimum taxable income. Subtract line 26 from line 23	31,057
If line 27 is:		
• \$26,500 or less, stop here and enter -0- on Form 1041, Schedule G, line 1c. The estate or trust isn't liable for the alternative minimum tax.		
• Over \$26,500, but less than \$194,300, go to line 43.		
• \$194,300 or more, enter the amount from line 27 on line 49 and go to line 50.		
• ESBTs, see instructions		
Part II Income Distribution Deduction on a Minimum Tax Basis		
28	Adjusted alternative minimum taxable income (see instructions)	31,057
29	Adjusted tax-exempt interest (other than amounts included on line 7)	
30	Total net gain from Schedule D (Form 1041), line 19, column (1). If a loss, enter -0-	
31	Capital gains for the tax year allocated to corpus and paid or permanently set aside for charitable purposes (from Form 1041, Schedule A, line 4)	
32	Capital gains paid or permanently set aside for charitable purposes from gross income (see instructions)	
33	Capital gains computed on a minimum tax basis included on line 23	18,457
34	Capital losses computed on a minimum tax basis included on line 23. Enter as a positive amount	
35	Distributable net alternative minimum taxable income (DNAMTI). Combine lines 28 through 34. If zero or less, enter -0-	12,600
36	Income required to be distributed currently (from Form 1041, Schedule B, line 9)	
37	Other amounts paid, credited, or otherwise required to be distributed (from Form 1041, Schedule B, line 10)	
38	Total distributions. Add lines 36 and 37	
39	Tax-exempt income included on line 38 (other than amounts included on line 7)	
40	Tentative income distribution deduction on a minimum tax basis. Subtract line 39 from line 38	

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule I (Form 1041) 2022

Part II Income Distribution Deduction on a Minimum Tax Basis (continued)

41 Tentative income distribution deduction on a minimum tax basis. Subtract line 29 from line 35. If zero or less, enter -0-	41	12,600
42 Income distribution deduction on a minimum tax basis. Enter the smaller of line 40 or line 41. Enter here and on line 24	42	

Part III Alternative Minimum Tax

43 Exemption amount	43	26,500
44 Enter the amount from line 27	44	31,057
45 Phase-out of exemption amount	45	88,300
46 Subtract line 45 from line 44. If zero or less, enter -0-	46	0
47 Multiply line 46 by 25% (0.25)	47	
48 Subtract line 47 from line 43. If zero or less, enter -0-	48	26,500
49 Subtract line 48 from line 44	49	4,557
50 Go to Part IV of Schedule I to figure line 50 if the estate or trust has qualified dividends or has a gain on lines 18a and 19 of column (2) of Schedule D (Form 1041) (as refigured for the AMT, if necessary). Otherwise, if line 49 is: • \$206,100 or less, multiply line 49 by 28% (0.28). • Over \$206,100, multiply line 49 by 28% (0.28) and subtract \$4,122 from the result	50	684
51 Alternative minimum foreign tax credit (see instructions)	51	
52 Tentative minimum tax. Subtract line 51 from line 50	52	684
53 Enter the tax from Form 1041, Schedule G, line 1a (minus any foreign tax credit from Schedule G, line 2a)	53	5,559
54 Alternative minimum tax. Subtract line 53 from line 52. If zero or less, enter -0-. Enter here and on Form 1041, Schedule G, line 1c	54	0

Part IV Line 50 Computation Using Maximum Capital Gains Rates

Caution: If you didn't complete Part V of Schedule D (Form 1041), the Schedule D Tax Worksheet, or the Qualified Dividends Tax Worksheet in the Instructions for Form 1041, see the instructions before completing this part.

55 Enter the amount from line 49	55	4,557
56 Enter the amount from line 26 of Schedule D (Form 1041), line 13 of the Schedule D Tax Worksheet, or line 4 of the Qualified Dividends Tax Worksheet in the Instructions for Form 1041, whichever applies (as refigured for the AMT, if necessary)	56	25,446
57 Enter the amount from Schedule D (Form 1041), line 18b, column (2) (as refigured for the AMT, if necessary). If you didn't complete Schedule D for the regular tax or the AMT, enter -0-	57	11
58 If you didn't complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 56. Otherwise, add lines 56 and 57 and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as refigured for the AMT, if necessary)	58	25,457
59 Enter the smaller of line 55 or line 58	59	4,557
60 Subtract line 59 from line 55	60	
61 If line 60 is \$206,100 or less, multiply line 60 by 28% (0.28). Otherwise, multiply line 60 by 28% (0.28) and subtract \$4,122 from the result	61	
62 Maximum amount subject to the 0% rate	62	2,800
63 Enter the amount from line 27 of Schedule D (Form 1041), line 14 of the Schedule D Tax Worksheet, or line 5 of the Qualified Dividends Tax Worksheet in the Instructions for Form 1041, whichever applies (as figured for the regular tax). If you didn't complete Schedule D or either worksheet for the regular tax, enter the amount from Form 1041, line 23; if zero or less, enter -0-	63	5,311
64 Subtract line 63 from line 62. If zero or less, enter -0-	64	0
65 Enter the smaller of line 55 or line 56	65	4,557
66 Enter the smaller of line 64 or line 65. This amount is taxed at 0%	66	
67 Subtract line 66 from line 65	67	4,557

Part IV Line 50 Computation Using Maximum Capital Gains Rates (continued)			
68	Maximum amount subject to rates below 20%	68	13,700
69	Enter the amount from line 64	69	
70	Enter the amount from line 27 of Schedule D (Form 1041), line 18 of the Schedule D Tax Worksheet, or line 5 of the Qualified Dividends Tax Worksheet, whichever applies (as figured for the regular tax). If you didn't complete Schedule D or either worksheet for the regular tax, enter the amount from Form 1041, line 23; if zero or less, enter -0-	70	5,311
71	Add line 69 and line 70	71	5,311
72	Subtract line 71 from line 68. If zero or less, enter -0-	72	8,389
73	Enter the smaller of line 67 or 72	73	4,557
74	Multiply line 73 by 15% (0.15)	74	684
75	Add lines 66 and 73	75	4,557
If lines 75 and 55 are the same, skip lines 76 through 80 and go to line 81. Otherwise, go to line 76.			
76	Subtract line 75 from line 65	76	
77	Multiply line 76 by 20% (0.20)	77	
If line 57 is zero or blank, skip lines 78 through 80 and go to line 81. Otherwise, go to line 78.			
78	Add lines 60, 75, and 76	78	
79	Subtract line 78 from line 55	79	
80	Multiply line 79 by 25% (0.25)	80	
81	Add lines 61, 74, 77, and 80	81	684
82	If line 55 is \$206,100 or less, multiply line 55 by 26% (0.26). Otherwise, multiply line 55 by 28% (0.28) and subtract \$4,122 from the result	82	1,185
83	Enter the smaller of line 81 or line 82 here and on line 50	83	684

**SCHEDULE D
(Form 1041)**

Capital Gains and Losses
 Attach to Form 1041, Form 5227, or Form 990-T.
 Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
 Go to www.irs.gov/F1041 for instructions and the latest information.

OMB No. 1545-0092

2022

Department of the Treasury
Internal Revenue Service

Name of estate or trust

Employer identification number

Smith Family Trust

12-3456789

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? Yes No
 If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

Note: Form 5227 filers need to complete **only Parts I and II.**

Part I Short-Term Capital Gains and Losses - Generally Assets Held 1 Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b . . .				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked	31,568	31,572		-4
4 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824			4	
5 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts			5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2021 Capital Loss Carryover Worksheet			6	
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on Part III, line 17, column (3)				-4

Part II Long-Term Capital Gains and Losses - Generally Assets Held More Than 1 Year (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b . . .				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	235,001	222,390		12,611
11 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824			11	
12 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts			12	
13 Capital gain distributions		See Statement 1	13	5,850
14 Gain from Form 4797, Part I			14	
15 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2021 Capital Loss Carryover Worksheet			15	
16 Net long-term capital gain or (loss). Combine lines 8a through 15 in column (h). Enter here and on Part III, line 18a, column (3)				18,461

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2022

Part III Summary of Parts I and II		(1) Beneficiaries' (see instr.)	(2) Estate's or trust's	(3) Total
<i>Caution: Read the instructions before completing this part.</i>				
17	Net short-term gain or (loss)	17	-4	-4
18	Net long-term gain or (loss):			
a	Total for year	18a	18,461	18,461
b	Unrecaptured section 1250 gain (see line 18 of the worksheet)	18b	11	11
c	28% rate gain	18c		
19	Total net gain or (loss). Combine lines 17 and 18a	19	18,457	18,457

Note: If line 19, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Schedule A (Form 990-T), Part I, line 4a). If lines 18a and 19, column (2), are net gains, go to Part V, and don't complete Part IV. If line 19, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary.

Part IV Capital Loss Limitation		
20	Enter here and enter as a (loss) on Form 1041, line 4 (or Schedule A (Form 990-T), Part I, line 4c, if a trust), the smaller of:	
a	The loss on line 19, column (3) or b \$3,000	20

Note: If the loss on line 19, column (3), is more than \$3,000, or if Form 1041, page 1, line 23 (or Form 990-T, Part I, line 11), is a loss, complete the **Capital Loss Carryover Worksheet** in the instructions to figure your capital loss carryover. [Investment management plans for 2023](#)

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. Complete this part only if both lines 18a and 19 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 23, is more than zero.

Caution: Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if:

- Either line 18b, col. (2), or line 18c, col. (2), is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g, are more than zero, or
- There are amounts on lines 4e and 4g of Form 4952.

Form 990-T trusts. Complete this part only if both lines 18a and 19 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, Part I, line 11, is more than zero. Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if either line 18b, col. (2) or line 18c, col. (2), is more than zero.

21	Enter taxable income from Form 1041, line 23 (or Form 990-T, Part I, line 11)	21		
22	Enter the smaller of line 18a or 19 in column (2) but not less than zero	22		
23	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T)	23		
24	Add lines 22 and 23	24		
25	If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0-	25	0	
26	Subtract line 25 from line 24. If zero or less, enter -0-	26	0	
27	Subtract line 26 from line 21. If zero or less, enter -0-	27	0	
28	Enter the smaller of the amount on line 21 or \$2,800	28		
29	Enter the smaller of the amount on line 27 or line 28	29		
30	Subtract line 29 from line 28. If zero or less, enter -0-. This amount is taxed at 0%	30		0
31	Enter the smaller of line 21 or line 26	31		
32	Subtract line 30 from line 26	32		
33	Enter the smaller of line 21 or \$13,700	33		
34	Add lines 27 and 30	34		
35	Subtract line 34 from line 33. If zero or less, enter -0-	35	0	
36	Enter the smaller of line 32 or line 35	36		
37	Multiply line 36 by 15% (0.15)	37		
38	Enter the amount from line 31	38		
39	Add lines 30 and 36	39		
40	Subtract line 39 from line 38. If zero or less, enter -0-	40	0	
41	Multiply line 40 by 20% (0.20)	41		
42	Figure the tax on the amount on line 27. Use the 2022 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the Instructions for Form 1041)	42		
43	Add lines 37, 41, and 42	43		
44	Figure the tax on the amount on line 21. Use the 2022 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the Instructions for Form 1041)	44		
45	Tax on all taxable income. Enter the smaller of line 43 or line 44 here and on Form 1041, Schedule G, Part I, line 1a (or Form 990-T, Part II, line 2)	45		5,559

Form **8960**

Department of the Treasury
Internal Revenue Service

**Net Investment Income Tax—
Individuals, Estates, and Trusts**

Attach to your tax return.

Go to www.irs.gov/Form8960 for instructions and the latest information.

OMB No. 1545-2227

2022

Attachment
Sequence No. 72

Name(s) shown on your tax return

Smith Family Trust

Your social security number or EIN
12-3456789

Part I Investment Income		Section 6013(g) election (see instructions)	Section 6013(h) election (see instructions)	Regulations section 1.1411-10(g) election (see instructions)
1	Taxable interest (see instructions)			1 350
2	Ordinary dividends (see instructions)			2 14,300
3	Annuities (see instructions)			3
4a	Rental real estate, royalties, partnerships, S corporations, trusts, etc. (see instructions)			
b	Adjustment for net income or loss derived in the ordinary course of a non-section 1411 trade or business (see instructions)			
c	Combine lines 4a and 4b			4c
5a	Net gain or loss from disposition of property (see instructions)			5a 18,457
b	Net gain or loss from disposition of property that is not subject to net investment income tax (see instructions)			5b
c	Adjustment from disposition of partnership interest or S corporation stock (see instructions)			5c
d	Combine lines 5a through 5c			5d 18,457
6	Adjustments to investment income for certain CFCs and PFICs (see instructions)			6
7	Other modifications to investment income (see instructions)			7
8	Total investment income. Combine lines 1, 2, 3, 4c, 5d, 6, and 7			8 33,107
Part II Investment Expenses Allocable to Investment Income and Modifications				
9a	Investment interest expenses (see instructions)	9a		
b	State, local, and foreign income tax (see instructions)	9b		
c	Miscellaneous investment expenses (see instructions)	9c		
d	Add lines 9a, 9b, and 9c			9d
10	Additional modifications (see instructions)			10 2,050
11	Total deductions and modifications. Add lines 9d and 10			11 2,050
Part III Tax Computation				
12	Net investment income. Subtract Part II, line 11, from Part I, line 8. Individuals, complete lines 13-17. Estates and trusts, complete lines 18a-21. If zero or less, enter -0-			12 31,057
Individuals:				
13	Modified adjusted gross income (see instructions)	13		
14	Threshold based on filing status (see instructions)	14		
15	Subtract line 14 from line 13. If zero or less, enter -0-	15		
16	Enter the smaller of line 12 or line 15			16
17	Net investment income tax for individuals. Multiply line 16 by 3.8% (0.038). Enter here and include on your tax return (see instructions)			17
Estates and Trusts:				
18a	Net investment income (line 12 above)	18a	31,057	
b	Deductions for distributions of net investment income and deductions under section 642(c) (see instructions)	18b		
c	Undistributed net investment income. Subtract line 18b from line 18a (see instructions). If zero or less, enter -0-	18c	31,057	
19a	Adjusted gross income (see instructions)	19a	30,757	
b	Highest tax bracket for estates and trusts for the year (see instructions)	19b	13,450	
c	Subtract line 19b from line 19a. If zero or less, enter -0-	19c	17,307	
20	Enter the smaller of line 18c or line 19c			20 17,307
21	Net investment income tax for estates and trusts. Multiply line 20 by 3.8% (0.038). Enter here and include on your tax return (see instructions)			21 658

For Paperwork Reduction Act Notice, see your tax return instructions.

Form **8960** (2022)

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side

Social security number or taxpayer identification number

Smith Family Trust

12-3456789

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You **must** check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis wasn't reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	
		01/15/08	12/15/22	235,001	222,390			12,611
2	Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked).			235,001	222,390			12,611

Note: If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side

Social security number or taxpayer identification number

Smith Family Trust

12-3456789

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You **must** check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis wasn't reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	
		01/15/08	12/15/22	235,001	222,390			12,611
2	Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked).			235,001	222,390			12,611

Note: If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

**Accounting Income and Distributable Net Income
Detail Information Worksheet**

Form **1041**

2022

For calendar year 2022, or tax year beginning _____, and ending _____

Name Smith Family Trust Taxpayer Identification Number 12-3456789

	Accounting Income	Distributable Net Income
Income		
Interest income Monty will cover these concepts	350	350
Dividend income	10,500	14,300
Business income / loss		
Capital gain / loss		18,457
Rents, royalties, partnerships, other estates and trusts		
Farm income / loss		
Ordinary gain / loss		
Other income		
Deductions		
Interest expense		
Less: Allocated to tax-exempt income	()	()
Taxes		
Less: Allocated to tax-exempt income	()	()
Fiduciary fees	800	1,600
Less: Allocated to tax-exempt income	()	()
Charitable deduction		
Attorney / Accountant fees	450	450
Less: Allocated to tax-exempt income	()	()
Other deductions		
Less: Allocated to tax-exempt income	()	()
Miscellaneous deductions	200	
Less: Allocated to tax-exempt income	()	
Taxable income	9,400	31,057
Net gain shown on Schedule D, line 19, column (1)		
Enter amount from Schedule A, line 4		
Long-term capital gain included on Schedule A, line 1		
Short-term capital gain included on Schedule A, line 1		
Capital loss from Form 1041 page 1, line 4		
Less capital gain from Form 1041 page 1, line 4		(18,457)
Net taxable income	9,400	12,600

Tax-Exempt Income

Interest, dividends, and other nontaxable income		
Allocated direct expenses	()	
Allocated indirect expenses	()	
Net tax-exempt income		
Subtotal	9,400	
Additions: Items not on the return affecting accounting income		
Subtractions: Items on the return not affecting accounting income	()	
Total. Net taxable income plus estate tax deduction and net tax-exempt income	9,400	12,600

Summary

	Accounting Income		Distributable Net Income
Taxable income	9,400	Taxable income	12,600
Tax-exempt income		Tax-exempt interest and dividends	
Net accounting income	9,400	Distributable net income	12,600

111111111 Smith Family Trust
12-3456789
FYE: 12/31/2022

Federal Statements

Form 1041, Page 1, Line 12 - Fiduciary Fees

Description	Amount
Fiduciary Fees - 80%	\$ 1,600
Subtotal	\$ 1,600
Page 1 - Fiduciary Fees	\$ <u>1,600</u>

Form 1041, Page 1, Line 14 - Attorney, Accountant, and Return Preparer Fees

Description	Amount
Subtotal	\$ 450
Page 1 - Atty, Acct, Prep Fees Probably not enough!	\$ <u>450</u>

Team Approach to Estate planning Accounting Income vs. DNI vs. Taxable Income and MORE

- And behind door #2
- Take it away Monty

Distributions of capital gains from a trust

The Opportunity

- Since only \$12,850 of long-term capital gains will be subject to a total federal tax rate of 23.8% (20% top marginal long-term capital gains rate plus the 3.8% net investment income tax). If the beneficiary is in a lower tax bracket (perhaps 0%) and not subject to the 3.8% net investment income tax, what options does a fiduciary have to minimize tax on undistributed capital gains?
- When trying to take advantage of this opportunity for beneficiary how was also trustee with capital losses I was told by Charles King (my burning bush of estate planning) – “forget about Sam, you can’t do it”.
- Input from others, are there opportunities for trustees under the Uniform Principal and Income Act?

Fiscal Year Elections – Estates

- Available to Estates
 - Potential as a deferral tool (particularly K-1 income)
 - Attractive if estate will be closed in 12 months
 - Otherwise may be more trouble than it is worth due to calendar year reporting of 1099s, etc.

How long can the estate be open?

- My record is over 30 years and never heard from the IRS.
- Others?
- Explanation?

Form 1041 (2022)		Page 3	
Other Information		Yes	No
1	Did the estate or trust receive tax-exempt income? If "Yes," attach a computation of the allocation of expenses. Enter the amount of tax-exempt interest income and exempt-interest dividends \$ _____		
2	Did the estate or trust receive all or any part of the earnings (salary, wages, and other compensation) of any individual by reason of a contract assignment or similar arrangement?		
3	At any time during calendar year 2022, did the estate or trust have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country _____		
4	During the tax year, did the estate or trust receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the estate or trust may have to file Form 3520. See instructions		
5	Did the estate or trust receive, or pay, any qualified residence interest on seller-provided financing? If "Yes," see the instructions for the required attachment		
6	If this is an estate or a complex trust making the section 663(b) election, check here. See instructions <input type="checkbox"/>		
7	To make a section 643(e)(3) election, attach Schedule D (Form 1041), and check here. See instructions <input type="checkbox"/>		
8	If the decedent's estate has been open for more than 2 years, attach an explanation for the delay in closing the estate, and check here <input type="checkbox"/>		
9	Are any present or future trust beneficiaries skip persons? See instructions		
10	Was the trust a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		
11a	Did the estate or trust distribute S corporation stock for which it made a section 965(i) election?		
b	If "Yes," did each beneficiary enter into an agreement to be liable for the net tax liability? See instructions		
12	Did the estate or trust either make a section 965(i) election or enter into a transfer agreement as an eligible 965(i) transferee for S corporation stock held on the last day of the tax year? See instructions		
13	ESBTs only. Does the ESBT have a nonresident alien grantor? If "Yes," see instructions		
14	ESBTs only. Did the S portion of the trust claim a qualified business income deduction? If "Yes," see instructions		

Estimated Tax Payments - Estates

- Estate can avoid for two years

Form 8855

Election To Treat a Qualified Revokable Trust as Part of an Estate

Election To Treat a Qualified Revocable Trust as Part of an Estate

OMB No. 1545-1881

▶ Go to www.irs.gov/Form8855 for the latest information.

Part I Estate (or Filing Trust) Information

Name of estate (or the filing trust, if applicable (see instructions))	Employer identification number (see instructions)
Name of executor (or the filing trustee, if applicable)	Type of entity prior to the election: <input type="checkbox"/> Domestic estate <input type="checkbox"/> Foreign estate <input type="checkbox"/> Domestic trust <input type="checkbox"/> Foreign trust
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)	Date of executor's appointment
City or town, state, and ZIP code (if a foreign address, see instructions)	

Under penalties of perjury, I, as executor (or filing trustee):

- Confirm that under applicable local law or the governing instrument, I have the authority to make this election for the estate (if executor) or trust (if filing trustee) and to agree to the conditions of the election;
- Elect the treatment provided under section 645 for the above-named estate (or filing trust, if applicable);
- Confirm that an agreement has been reached with the trustees of each qualified revocable trust (QRT) joining in the election to allocate the tax burden of the combined electing trusts and related estate, if any, for each tax year during the election period in a manner that reasonably reflects each entity's tax obligation;
- Agree to ensure that the related estate's (or filing trust's, if applicable) share of the tax obligations of the combined electing trust(s) and related estate, if any, is timely paid to the United States Treasury;
- Agree to accept responsibility for filing a complete, accurate, and timely income tax return, when required by law, for the combined electing trust(s) and related estate, if any, for each tax year during the election period;
- (If I am the filing trustee) confirm that if there is more than one QRT making this election, that I have been appointed by the trustees of each QRT making this election to be the filing trustee and I agree to accept the responsibility of filing the appropriate income tax return for the combined electing trust(s) for each tax year during the election period and all other responsibilities of the filing trustee;
- (If I am the filing trustee) represent that no executor has been appointed for a related estate and to the best of my knowledge and belief, one will not be appointed;
- (If I am the filing trustee) agree that, if an executor is appointed for the related estate after this Form 8855 is filed, that I will complete and file an amended Form 8855 if the late appointed executor agrees to the election, and I agree to cooperate with the executor in filing any amended returns required to be filed as a result of the executor's appointment; and
- Confirm to the best of my knowledge and belief, that all information contained in this election and any accompanying statements or schedules is true, correct, and complete.

Signature of executor (or filing trustee)	Date
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Part II Decedent Information

Name of decedent	SSN of the decedent	Date of death
------------------	---------------------	---------------

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 24542R

Form **8855** (Rev. 12-2020)

Part III Qualified Revocable Trust Information

Name of trust	Employer identification number (see instructions)
Name of trustee	
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)	
City or town, state, and ZIP code (if a foreign address, see instructions)	

Under penalties of perjury, I, as trustee of the above-named trust:

- Confirm that under applicable local law or the governing instrument, I have the authority to make this election for the trust and to agree to the conditions of the election;
- Elect the treatment provided under section 645 for this trust;
- Agree to timely provide the executor (or filing trustee if there is no executor) with all the trust information necessary to permit the executor (or filing trustee, if applicable) to file a complete, accurate, and timely Form 1041 (or Form 1040-NR for a foreign estate) for the combined electing trust(s) and the related estate, if any, for each tax year during the election period;
- Confirm that an agreement has been reached with the trustees of each QRT joining in the election, and the executor of the related estate, if any, to allocate the tax burden of the combined electing trust(s) and related estate, if any, for each tax year during the election period in a manner that reasonably reflects each entity's tax obligation;
- Agree to ensure that this trust's share of the tax obligations of the combined electing trust(s) and related estate, if any, is timely paid to the United States Treasury;
- Confirm that if a filing trustee (and not an executor for a related estate) has completed Part I of this Form 8855, the trustee that completed Part I has been appointed the filing trustee, and to the best of my knowledge and belief, an executor has not been appointed to administer a related estate and one will not be appointed;
- Agree that if a filing trustee (and not an executor for a related estate) has completed Part I of this Form 8855 and an executor is appointed for the related estate after this Form 8855 is filed, that I will complete and file an amended Form 8855 if the later appointed executor agrees to the election, and I agree to cooperate with the executor in filing any amended returns required to be filed as a result of the executor's appointment; and
- Confirm to the best of my knowledge and belief, that all information of the electing trust contained in this election and any accompanying statements or schedules is true, correct, and complete.

Signature of trustee	Date
Name of trust	Employer identification number (see instructions)
Name of trustee	
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)	
City or town, state, and ZIP code (if a foreign address, see instructions)	

Under penalties of perjury, I, as trustee of the above-named trust:

- Confirm that under applicable local law or the governing instrument, I have the authority to make this election for the trust and to agree to the conditions of the election;
- Elect the treatment provided under section 645 for this trust;
- Agree to timely provide the executor (or filing trustee if there is no executor) with all the trust information necessary to permit the executor (or filing trustee, if applicable) to file a complete, accurate, and timely Form 1041 (or Form 1040-NR for a foreign estate) for the combined electing trust(s) and the related estate, if any, for each tax year during the election period;
- Confirm that an agreement has been reached with the trustees of each QRT joining in the election, and the executor of the related estate, if any, to allocate the tax burden of the combined electing trust(s) and related estate, if any, for each tax year during the election period in a manner that reasonably reflects each entity's tax obligation;
- Agree to ensure that this trust's share of the tax obligations of the combined electing trust(s) and related estate, if any, is timely paid to the United States Treasury;
- Confirm that if a filing trustee (and not an executor for a related estate) has completed Part I of this Form 8855, the trustee that completed Part I has been appointed the filing trustee, and to the best of my knowledge and belief, an executor has not been appointed to administer a related estate and one will not be appointed;
- Agree that if a filing trustee (and not an executor for a related estate) has completed Part I of this Form 8855 and an executor is appointed for the related estate after this Form 8855 is filed, that I will complete and file an amended Form 8855 if the later appointed executor agrees to the election, and I agree to cooperate with the executor in filing any amended returns required to be filed as a result of the executor's appointment; and
- Confirm to the best of my knowledge and belief, that all information of the electing trust contained in this election and any accompanying statements or schedules is true, correct, and complete.

Signature of trustee	Date
----------------------	------

Life Insurance Policies as “assets”

- Recent experience in selling policy or a portion thereof.

IRC Section 663(b)/65 day election

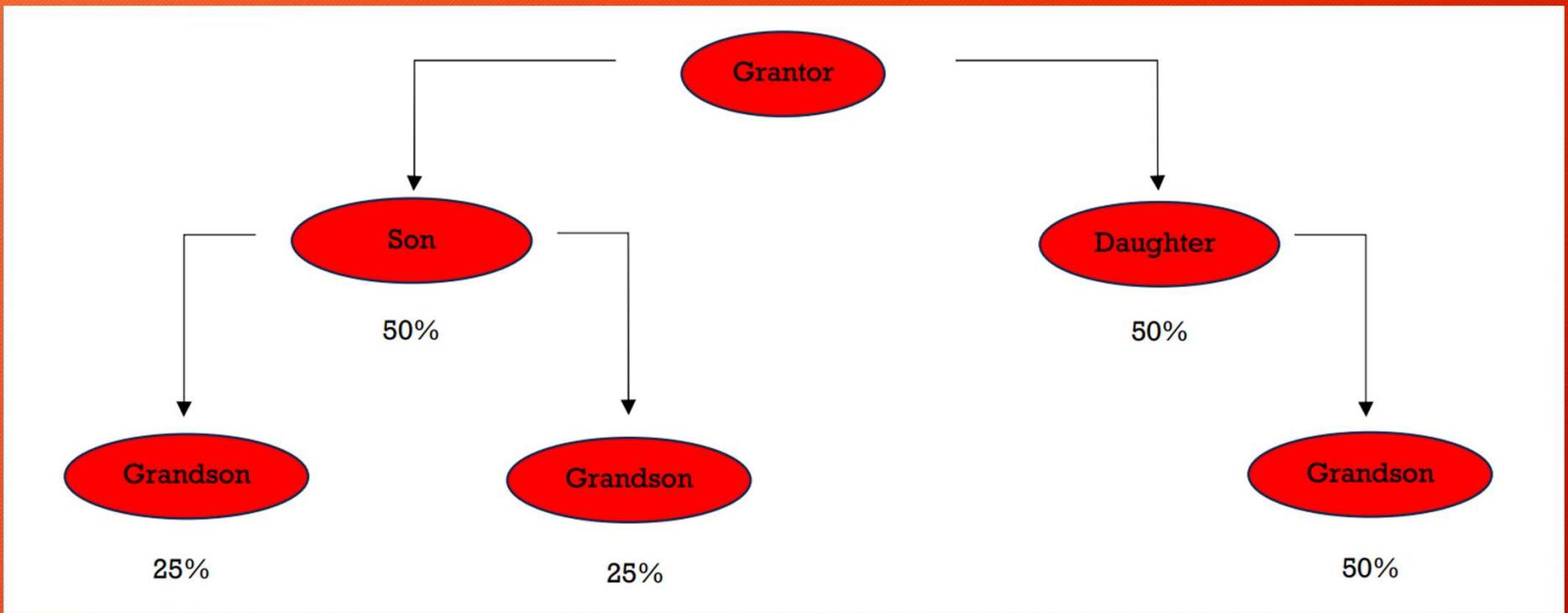
- General rule
 - Distributions made with in first 65 days of the taxable year treated as paid on the last day of the previous tax year
- Limitation
 - Executor or fiduciary must elect for this treatment annually
 - Election is included with Form 1041

Form 1041 (2022)		Page 3	
Other Information		Yes	No
1	Did the estate or trust receive tax-exempt income? If "Yes," attach a computation of the allocation of expenses. Enter the amount of tax-exempt interest income and exempt-interest dividends \$		
2	Did the estate or trust receive all or any part of the earnings (salary, wages, and other compensation) of any individual by reason of a contract assignment or similar arrangement?		
3	At any time during calendar year 2022, did the estate or trust have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country		
4	During the tax year, did the estate or trust receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the estate or trust may have to file Form 3520. See instructions		
5	Did the estate or trust receive, or pay, any qualified residence interest on seller-provided financing? If "Yes," see the instructions for the required attachment		
6	If this is an estate or a complex trust making the section 663(b) election, check here. See instructions <input type="checkbox"/>		
7	To make a section 643(e)(3) election, attach Schedule D (Form 1041), and check here. See instructions		
8	If the decedent's estate has been open for more than 2 years, attach an explanation for the delay in closing the estate, and check here		
9	Are any present or future trust beneficiaries skip persons? See instructions		
10	Was the trust a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		
11a	Did the estate or trust distribute S corporation stock for which it made a section 965(i) election?		
b	If "Yes," did each beneficiary enter into an agreement to be liable for the net tax liability? See instructions		
12	Did the estate or trust either make a section 965(i) election or enter into a transfer agreement as an eligible 965(i) transferee for S corporation stock held on the last day of the tax year? See instructions		
13	ESBTs only. Does the ESBT have a nonresident alien grantor? If "Yes," see instructions		
14	ESBTs only. Did the S portion of the trust claim a qualified business income deduction? If "Yes," see instructions		

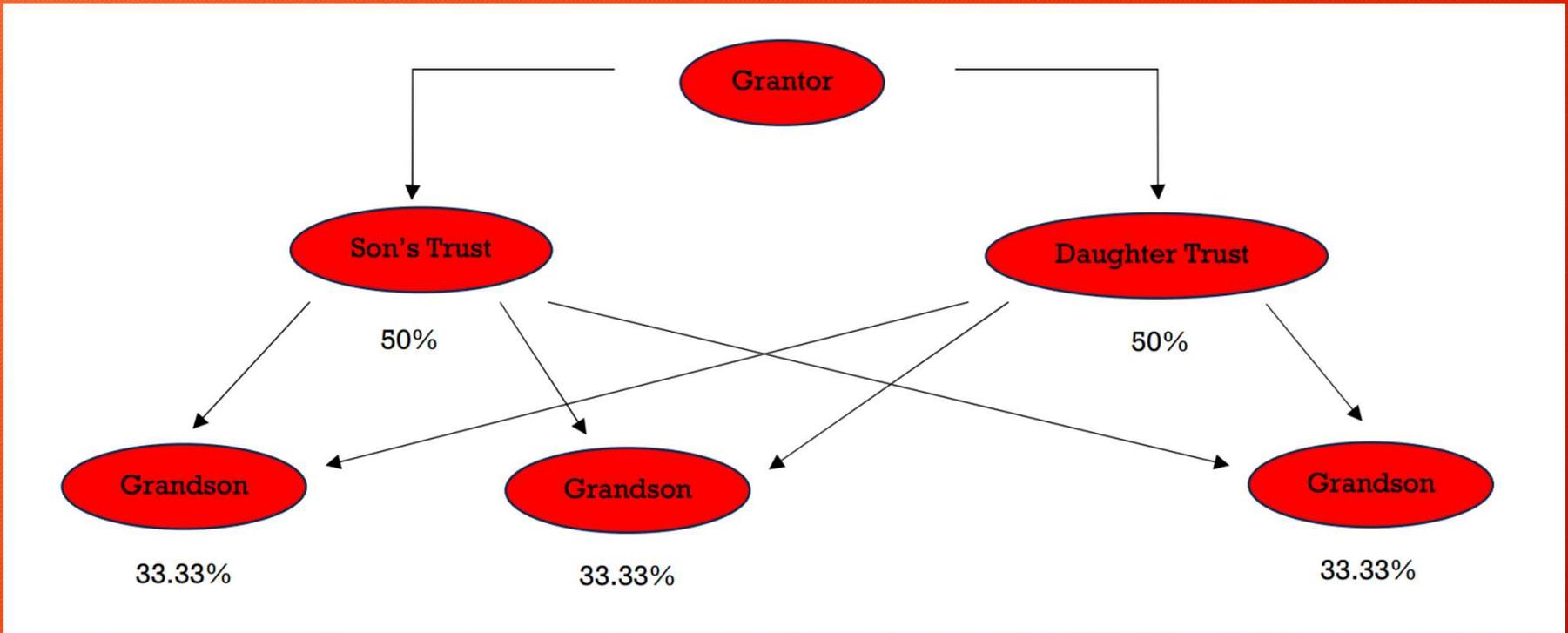
Planning for grandparents - Per Stirpes vs. Per Capita thinking

Who are your heirs? Children or Grandchildren

- Per stirpes concept - children
 - Inheritance passes to deceased decedent's children
- Per capita concept - grandchildren
 - Inheritance is divided evenly among grandchildren



Per Stirpes Illustration



Per Capita Illustration

IRS Audits of trusts and estate income tax returns

- Anything other than matching letters?

LESLY BOSCH ANNEN



**ASSISTING
CLIENTS LEAVING
LEGACIES**

11:15 a.m. – 11:45 a.m.

KEITH BROWN



 neWest | **WT**
ONE VISION. ONE SPIRIT. ONE TEXAS.



Amarillo Area Estate Planning Council

West Texas A&M University and WTAMU Foundation

Lesly Bosch Annen, Assistant Vice President for Leadership Gifts & Development

M. Keith Brown, Major Gift Officer



- West Texas A&M University is the Panhandle's University and is committed to serving locally first addressing the opportunities and challenges of the region as set out in the long-range plan **WT125: *From the Panhandle to the World.***
- The **One West** fundraising campaign fuels the vision of our long-range plan.
- It is the largest most ambitious fundraising effort ever undertaken across the Texas Panhandle region.
- The campaign is comprehensive – all gifts to any area at WT counts in the campaign.
- We want donors to give to areas about which they are most passionate.



Jim J. Brewer and Leah McLain
(2023-24 chairs)

Cheryl and Alex Fairly

Terry and Dyke Rogers

Sherry and David Schaeffer

Campaign Priorities

People

Expand student scholarship opportunities
and faculty endowments (professorships and chairs)

Programs

Enhance academic offerings and research

Places

Improve existing facilities and construct transformational new spaces



Campaign Sets New Goal 9/21/23

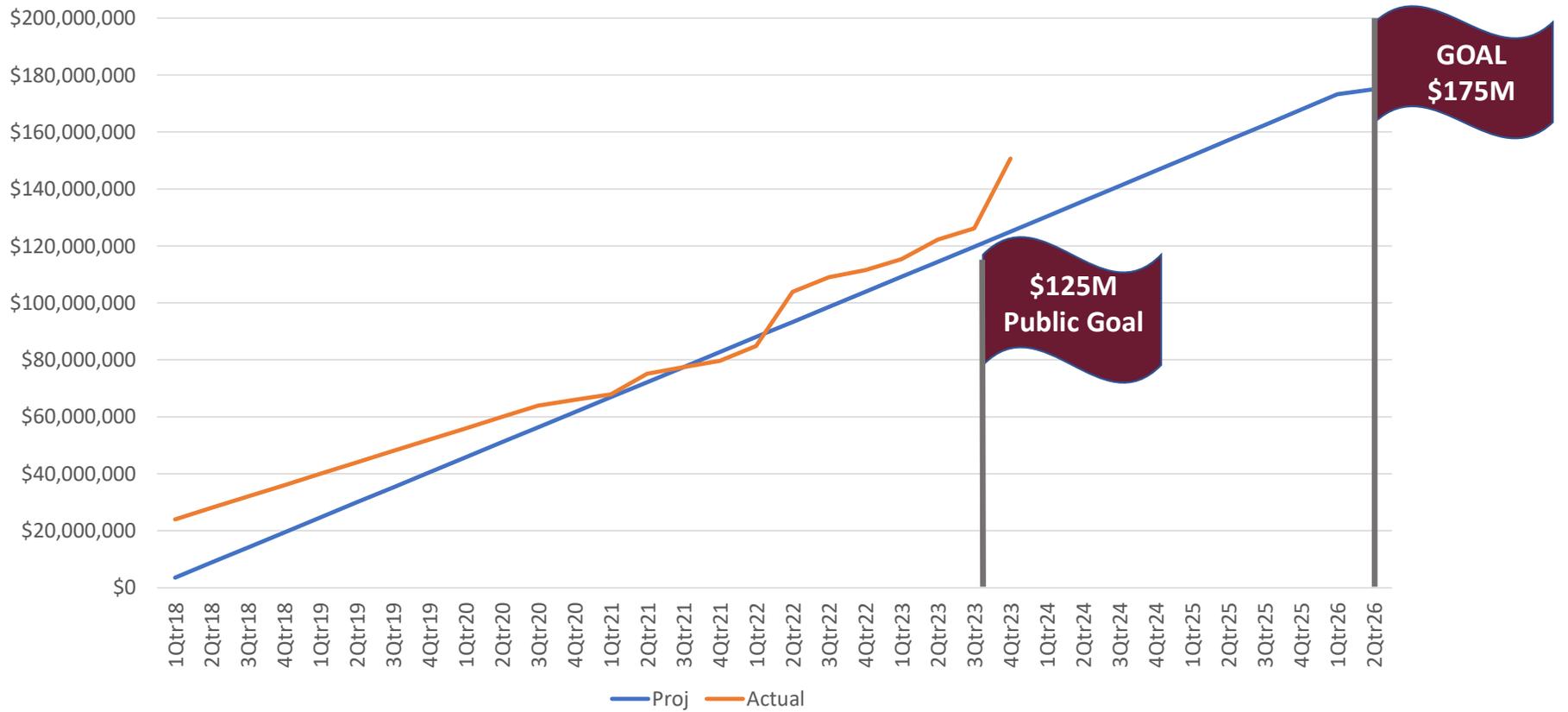
\$150,661,665 million raised

~~\$125~~ **\$175 million**

OneWest | WT



Campaign Timeline





West Texas A&M University Foundation can help make sure that heritage endures.
Considering your legacy?

WTAMU FOUNDATION LAND LEGACY PROGRAM

Our dedicated team will work with individuals and families interested in leaving real estate, commercial properties, natural resources and agricultural lands. The WTAMU Foundation provides oversight of gifts of land and other real property, facilitates its proper management, maintains good stewardship of gifts, - helps WT fulfill its mission.



Your property is more than just acreage or edifices. It is your heritage and your family's heritage — tangible representation of your hard work, stewardship and dedication.



Working with our advisors, your well-planned gift will ensure a continuity of property management and provide real, meaningful benefits to you and students now and for generations to come.

We will work closely with you to create a plan that meets your personal, business and philanthropic goals. We also will help you honor commitments you have made to those who depend on the land and have helped make it what it is.

We will help meet your goals, whatever they may be.

Your gift could:

- Preserve productive land and ensure continued agricultural viability
- Serve as a living laboratory or outdoor classroom for WT students or others throughout the region and the world
- Provide income to help fund WT's ultimate teaching and research goals, as well as an income throughout your lifetime

Contact

Our team today to let us help you ensure the enduring legacy of your land.

Assistant Vice President for Leadership Gifts & Development
Lesly Bosch Annen at lannen@wtamu.edu or 806-651-3252.

Scan QR Code to learn more about the Land Legacy at WT



The Land Legacy Advisory Council — are trusted and experienced advisors who serve as a liaison between donors, the WTAMU Foundation and the University. Your plan will be reviewed on a regular basis to make sure goals are being met.

Case Study



I Am WT
Leaving a Legacy



Case Study



The information provided below is considered confidential and is not a legally binding financial obligation.

The West Texas A&M University Foundation wishes to recognize and steward planned and estate giving through membership in the *Eternal Flame Society*.

- YES – WTAMU Foundation may publish my/our names as a member(s) of the *Eternal Flame Society*.
- I/we prefer to not have my/our name(s) listed as a member of the *Eternal Flame Society*.

Print Name/s: _____
Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Email: _____

I/We have included WT in our estate planning in the following way(s):

- Bequest in my/our Will
- Provision in my/our Revocable Living Trust
- Establishment of a Charitable Remainder Trust
- Establishment of a Charitable Gift Annuity
- Beneficiary Designation in my/our Qualified Retirement Plan or Commercial Annuity
- Life Insurance Gift
- Other (please indicate) _____

I/we estimate the current value of my/our provision to be approximately \$ _____.
(The Foundation recognizes valuations are subject to change. Value approximations are used for recognition purposes only.)

I/We would like for our planned gift to be specifically used for the following purpose(s):

I/we worked with the following advisor(s) to establish the gift:

Name: _____ Profession: _____
Company/Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Email: _____

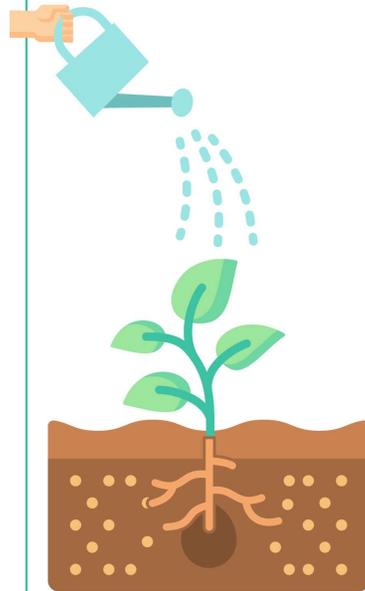
I/we would like to request the following contact person(s) to receive reports regarding the gift and its impact:

Name: _____ Relationship: _____
Company/Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Email: _____

YEAR 1



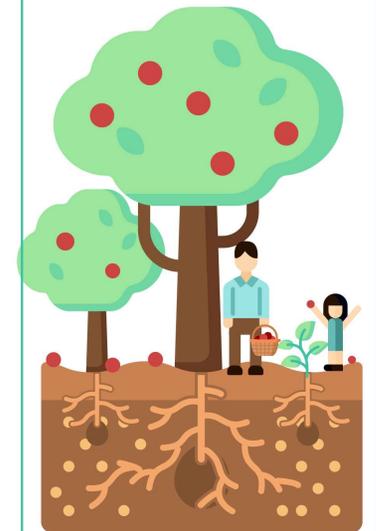
YEAR 15



YEAR 25



YEAR 50



What is an endowment?

- Endowments are established by making a gift that is then invested. This initial gift is often referred to as the **principal** or **corpus**. To create an endowment, there is a **minimum gift level** that must be obtained in one or more gift payments. These initial gifts are the **endowment's book value**.

WT Scholarship Endowments	<i>\$25,000 minimum gift level</i>
WT Program Endowments	<i>\$25,000 minimum gift level</i>
WT Professorship Endowments	<i>\$125,000 minimum gift level</i>
WT Chair Endowments	<i>\$1,250,000 minimum gift level</i>

How is an endowment established?

- A **gift instrument** is created which outlines the **endowment's specific purpose**.

Provides support to **WTAMU students** who...

- A portion of the annual interest earned is used to support the purpose of the endowment. This is the **award** or **scholarship**.

WT Scholarship Endowment \$25,000; approximate annual award is \$1,000

- Additional earnings typically increase the **endowment's market value and annual award**.

What is the value of establishing an endowment?

- Endowments are a critical mechanism to **provide sustainability** for students, faculty, programs, and research.
- Endowments provide **perpetual funding** and **preserves the donor's original intent**. The donor's intent is the purpose and selection criteria documented in the gift instrument.
- Endowments are **named** and have a **lasting impact** and **legacy**. The designee receives **annual endowment reports**.



All gifts, regardless of size, make a difference in the
OneWest Comprehensive Campaign.

Lesly Bosch Annen, CFRE, CAP
AVP for Leadership Gifts & Development
806-651-3252
lannen@wtamu.edu

M. Keith Brown
Major Gift Officer
806-651-2028
kbrown@wtamu.edu

 neWest | **WT**
ONE VISION. ONE SPIRIT. ONE TEXAS.

LUNCH 11:45 a.m. – 12:45 p.m.

Hosted by:



Remember to SIGN IN before the afternoon session

JOSEPH HINTON



CORPORATE TRANSPARENCY ACT

12:45 p.m. - 1:25 p.m.

THE CORPORATE TRANSPARENCY ACT



MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

WHAT IS THE C.T.A.?

- Passed into law by Congress in 2021.
- Requires certain reporting companies to report **entity information, beneficial ownership information** ("BOI"), and **company applicants** to the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN").

BACKGROUND

REQUIREMENTS?

BACKGROUND

- Most privately-held companies in the U.S. are not required to provide ownership information, leading to various problems.
- "Shell" and "front" companies are often utilized by bad actors to shield their identities, hide ill-gotten gains, finance terrorism and criminal activity, and launder funds and assets via the U.S.A.
- To address these issues, Congress included the C.T.A. as part of the 2021 National Defense Authorization Act.

WHAT IS THE C.T.A.?

- Passed into law by Congress in 2021.
- Requires certain reporting companies to report **entity information**, **beneficial ownership information** ("BOI"), and **company applicants** to the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN").

BACKGROUND

REQUIREMENTS?

WHAT DOES THE C.T.A. REQUIRE?

- In the absence of an exemption, certain entities, each called a "**reporting company**," must report and file information regarding the entity's "**beneficial owners**" and "**applicants**."

REPORTING
COMPANY

BENEFICIAL
OWNER

COMPANY
APPLICANTS

REPORTING COMPANY

"Reporting Company" - (A) means a corporation, limited liability company, or other similar entity that is—
(i) created by the filing of a document with a secretary of state or a similar office under the law of a State or Indian Tribe; or
(ii) formed under the law of a foreign country and registered to do business in the United States by the filing of a document with a secretary of state or a similar office under the laws of a State or Indian Tribe[.]

- 31 U.S.C. § 5336(a)(11)(A)

WHAT DOES
THAT MEAN?

EXEMPTIONS

EXAMPLES:

- LLC
- Corporation
- LLP
- PLLC
- LP/FLP
- PA
- PC
- Etc.



REPORTING COMPANY

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- 31 U.S.C. § 5336(a)(11)(A)

WHAT DOES
THAT MEAN?

EXEMPTIONS

EXEMPTIONS TO "REPORTING COMPANY" DEFINITION

- 31 U.S.C. § 5336(a)(11)(B)(i)-(xxiv)
- 24 exemptions to the definition.
- Examples:
 - Banks, credit unions
 - Public accounting firms (per Sarbanes-Oxley Act of 2002 (Sec. 102))
 - Publicly traded companies (heavily regulated already)
 - Entities that: (i) employ 20+ employees; (ii) filed prior year tax return evidencing \$5,000,000+ in gross receipts; and (iii) has operating presence in physical office in USA.
 - Non-reporting companies - e.g. sole proprietorship, general partnership, certain trusts.
 - Certain IRC 501(c) organizations

REPORTING COMPANY

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WHAT DOES
THAT MEAN?

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REPORTING
COMPANY

BENEFICIAL
OWNER

COMPANY
APPLICANTS

SUBSTANTIAL
CONTROL

BENEFICIAL OWNER

- (A) means, with respect to an entity, an individual who, *directly or indirectly*, through any contract, arrangement, understanding, relationship, or otherwise—

(i) exercises substantial control over the entity; or

(ii) owns or controls not less than 25 percent of the ownership interests of the entity[.]

- 31 U.S.C. § 5336(a)(3)(A)

OWNERSHIP
INTEREST

EXEMPTIONS

"OWNERSHIP INTEREST"

- Directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise....
- Reporting companies must identify all individuals who control at least 25% of the ownership interests of the reporting company.
- There may be multiple types of ownership interest.

EXAMPLES



- **BOI Small Entity Compliance Guide:**

"OWNERSHIP INTERESTS"

- Equity, stock, or voting rights.
- Equity security.
- Capital or profit interest.
- Any instrument convertible into equity, stock, or voting rights, or capital or profit interest.
- Option or privilege.
- Catch-all: Any other instrument, contract, arrangement, understanding, or mechanism used to establish ownership.

"OWNERSHIP INTEREST"

- Directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise....
- Reporting companies must identify all individuals who control at least 25% of the ownership interests of the reporting company.
- There may be multiple types of ownership interest.

EXAMPLES

SUBSTANTIAL
CONTROL

BENEFICIAL OWNER

- (A) means, with respect to an entity, an individual who, *directly* or *indirectly*, through any contract, arrangement, understanding, relationship, or otherwise—
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- 31 U.S.C. § 5336(a)(3)(A)

OWNERSHIP
INTEREST

EXEMPTIONS

MAJOR FOCUS:
"SUBSTANTIAL CONTROL"

LET'S
THINK

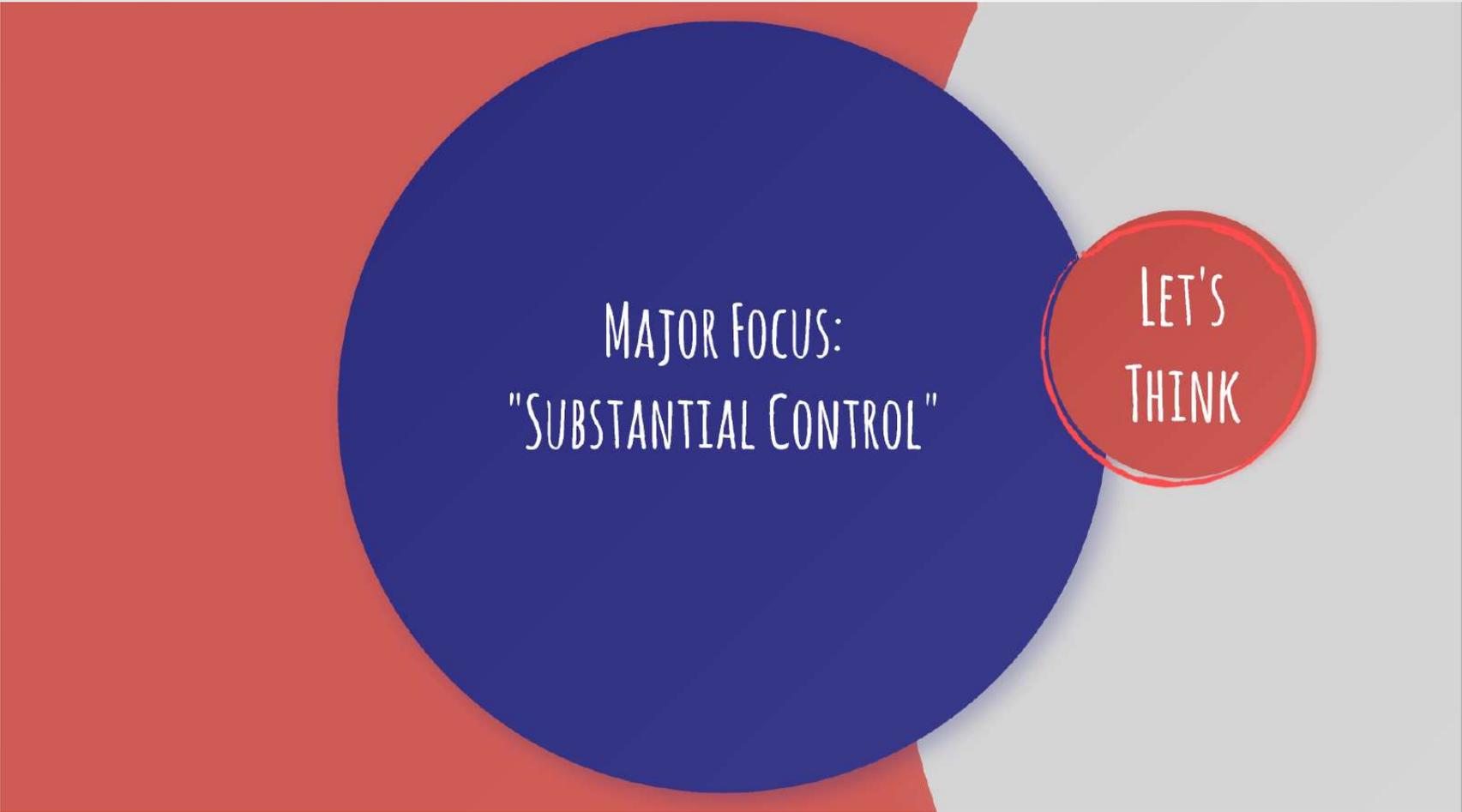
"SUBSTANTIAL CONTROL"

- "Substantial control" is not defined in the C.T.A.
- Substantial control can be exerted directly or indirectly.
- Senior officers and owners makes sense, but what about other parties?
 - General counsel?
 - Substantial investors with influence or sway?
 - 10 owners who each own 10% interest with equal voting rights?
 - Prior owners who seller-financed equity sale to new owners, but with right to call note due and perfected security interest in the equity interest?

"SUBSTANTIAL CONTROL"

- **BOI Small Entity Compliance Guide:**

- Does an individual direct, determine, or have substantial influence over **decisions** regarding the reporting company's business, finance, or organizational structure?
- Does an individual have **appointment/removal** authority regarding directors (or similar body), officers?
- **Senior officers.**
 - E.g. president, CEO, CFO, COO, general counsel, or other officer, who performs a similar function.
- **Catch-all:** "...any other form of substantial control over the reporting company."



MAJOR FOCUS:
"SUBSTANTIAL CONTROL"

LET'S
THINK

SUBSTANTIAL
CONTROL

BENEFICIAL OWNER

• (A) means, with respect to an entity, an individual who, *directly or indirectly*, through any contract, arrangement, understanding, relationship, or otherwise—

(i) exercises substantial control over the entity; or

(ii) owns or controls not less than 25 percent of the ownership interests of the entity[.]

- 31 U.S.C. § 5336(a)(3)(A)

OWNERSHIP
INTEREST

EXEMPTIONS

EXEMPTIONS (5) TO "BENEFICIAL OWNER" DEFINITION

- (i) A **minor child** if the information of the child's parent or guardian is reported;
- (ii) an individual acting as a **nominee, intermediary, custodian or agent** on behalf of another individual;
- (iii) an individual acting solely as an **employee** of the entity and whose control over or economic benefits from such entity is derived solely from the employment status of the person;
- (iv) an individual whose only interest in the entity is **[a future interest]** through a **right of inheritance [not defined]**; or
- (v) a **creditor** of the entity, unless the creditor exercises substantial control over the entity or owns or controls not less than 25% of the ownership interests of the entity.

- 31 U.S.C. § 5336(a)(3)(B)

SUBSTANTIAL
CONTROL

BENEFICIAL OWNER

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OWNERSHIP
INTEREST

EXEMPTIONS

WHAT DOES THE C.T.A. REQUIRE?

- In the absence of an exemption, certain entities, each called a **"reporting company,"** must report and file information regarding the entity's **"beneficial owners"** and **"applicants."**

REPORTING
COMPANY

BENEFICIAL
OWNER

COMPANY
APPLICANTS

APPLICANT(S) - 31 U.S.C. § 5336(A)(2)

"Applicant" means any individual who—

(A) **files an application** to form a corporation, limited liability company, or other similar entity under the laws of a State or Indian Tribe; or

(B) registers or files an application to register a corporation, limited liability company, or other similar **entity formed under the laws of a foreign country** to do business in the United States by filing a document with the **secretary of state or similar office** under the laws of a State or Indian Tribe.

APPLICANT(S)

- Information required for a maximum of two (2) applicants.
- The individual(s) primarily responsible for **directing or controlling** the filing to create the reporting company; AND
- The individual who **directly filed** the filing of the reporting company.
- Companies/entities cannot be company applicants.
- If the reporting company was created/registered/formed:
 - **PRIOR** to January 1, 2024, then the reporting company is **NOT REQUIRED** to report the applicant(s).
 - **ON OR AFTER** January 1, 2024, then the reporting company **IS REQUIRED** to report the applicant(s).

WHAT DOES THE C.T.A. REQUIRE?

- In the absence of an exemption, certain entities, each called a **"reporting company,"** must report and file information regarding the entity's **"beneficial owners"** and **"applicants."**

REPORTING
COMPANY

BENEFICIAL
OWNER

COMPANY
APPLICANTS

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BACKGROUND

REQUIREMENTS?

THE CORPORATE TRANSPARENCY ACT



MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

WHAT INFORMATION MUST BE REPORTED?

FINCEN IDENTIFIER



APPLICANTS

BENEFICIAL OWNERS

REPORTING COMPANY



REPORTING COMPANY

- Information about the reporting company itself:
 - Legal name
 - Trade or d/b/a name(s)
 - U.S. address
 - State, Tribal, or foreign jurisdiction of formation
 - For foreign reporting company - state or Tribal jurisdiction of first registration
 - Taxpayer Identification Number (or foreign tax ID)
- Maybe we should create a checklist...?

WHAT INFORMATION MUST BE REPORTED?

FINCEN IDENTIFIER



APPLICANTS

BENEFICIAL OWNERS

REPORTING COMPANY



BENEFICIAL OWNERS - 31 U.S.C. § 5336(B)(2)

- Full legal name
- Date of birth
- Current address
- Identifying number and issuing jurisdiction from a non-expired driver's license, US passport, or an ID issued by a state, local government, or Indian Tribe, or a foreign passport (photo required) or FinCEN identifier.



WHAT INFORMATION MUST BE REPORTED?

FINCEN
IDENTIFIER



APPLICANTS

BENEFICIAL
OWNERS

REPORTING
COMPANY



APPLICANTS - 31 U.S.C. § 5336(B)(2)

- Same info as for beneficial owners.
- Full legal name
- Date of birth
- Current address
- Identifying number and issuing jurisdiction from a non-expired driver's license, US passport, or an ID issued by a state, local government, or Indian Tribe, or a foreign passport (photo required) or FinCEN identifier.



WHAT INFORMATION MUST BE REPORTED?

FINCEN
IDENTIFIER



APPLICANTS

BENEFICIAL
OWNERS

REPORTING
COMPANY



FINCEN IDENTIFIER - 31 U.S.C. § 5336(B)(3)

- If an individual has obtained a FinCEN identifier and provided it to a reporting company, the reporting company may include such FinCEN identifier in its report instead of the information required about the individual.
- A unique identification number issued by FinCEN (not available yet, sorry!) to an individual or reporting company upon request after providing certain required information.

FINCEN IDENTIFIER - 31 U.S.C. § 5336(B)(3)

- The FinCEN identifier can be reported instead of certain required information about beneficial owners or company applicants.
- An individual or reporting company may only receive one (1) FinCEN identifier.
- Not mandatory to obtain a FinCEN identifier.
- Must update and report inaccurate information to FinCEN.

WHAT INFORMATION MUST BE REPORTED?

FINCEN IDENTIFIER



APPLICANTS

BENEFICIAL OWNERS

REPORTING COMPANY



THE CORPORATE TRANSPARENCY ACT



MORGAN
WILLIAMSON
LLP • ATTORNEYS AT LAW

MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

TIMELINES



INITIAL
REPORT

HOW TO
FILE

UPDATES,
INACCURACIES

WHEN TO FILE THE INITIAL REPORT



WHEN TO FILE THE INITIAL REPORT

- **Existing** reporting companies created or registered to do business in the U.S. **before January 1, 2024:**
 - Initial reports due by January 1, 2025.
 - Or, within 30 calendar days for previously exempt reporting company which no longer qualifies as exempt.
- **New** reporting companies created or registered to do business in the U.S. **on or after January 1, 2024:**
 - Reports due within 30 calendar days of receiving actual or public notice that the creation/registration of the reporting company is effective.
 - Proposed rule (not adopted yet): 90 days (one time exception).

TIMELINES



INITIAL
REPORT

HOW TO
FILE

UPDATES,
INACCURACIES

HOW TO FILE INITIAL REPORT

- **Must be filed electronically. No paper filing.**
- **FinCEN's online filing portal is being developed.**
- **Slated to be available January 1, 2024.**
- **Reports will not be accepted prior to January 1, 2024.**

TIMELINES



INITIAL
REPORT

HOW TO
FILE

UPDATES,
INACCURACIES

UPDATES

- Updated reports are required when there is a change to previously reported information about the reporting company or the beneficial owner(s).
 - Due within 30 calendar days of the change.

UPDATES

- Examples from the BOI Small Entity Compliance Guide:
 - New d/b/a filing.
 - Change in beneficial owners (e.g. equity sale, change of officer, death of beneficial owner).
 - Change to beneficial owner's name, address, or unique identifying number (e.g. change of DL #).
 - Minor (exempt) beneficial owner comes of age.
- Interestingly, no provision requiring report of entity's termination/dissolution.

INACCURACIES

- A corrected report is required when previously reported information was inaccurate when filed and remains inaccurate.
 - Must file corrected report within 30 calendar days after reporting company becomes **aware** or **has reason to know** of an inaccuracy.
- Can you think of examples?

TIMELINES

INITIAL
REPORT

HOW TO
FILE

UPDATES,
INACCURACIES



THE CORPORATE TRANSPARENCY ACT



MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

PENALTIES

- The C.T.A. provides various civil and criminal penalties.



REPORTING
VIOLATIONS

UNAUTHORIZED
DISCLOSURE,
USE

CRIMINAL,
CIVIL

REPORTING VIOLATIONS

- 31 U.S.C. § 5336 (h)(1) Unlawful for any person to:
 - (A) willfully provide...false or fraudulent beneficial ownership information, including a...identifying photograph or document....; OR
 - (B) willfully fail to report complete or updated beneficial ownership information....

PENALTIES

- The C.T.A. provides various civil and criminal penalties.



REPORTING
VIOLATIONS

UNAUTHORIZED
DISCLOSURE,
USE

CRIMINAL,
CIVIL

UNAUTHORIZED DISCLOSURE OR USE

- (h)(2) Except as authorized...unlawful for any person to knowingly disclose or knowingly use the beneficial ownership information obtained by the person through:
 - (A) a report submitted to FinCEN....; or
 - (B) a disclosure made by FinCEN....

PENALTIES

- The C.T.A. provides various civil and criminal penalties.



REPORTING
VIOLATIONS

UNAUTHORIZED
DISCLOSURE,
USE

CRIMINAL,
CIVIL

CRIMINAL AND CIVIL PENALTIES

REPORTING
VIOLATIONS



UNAUTH.
DISCL./USE

SAFE
HARBOR

REPORTING VIOLATIONS

- (h)(3) Criminal and civil penalties.—
 - (A) Reporting violations.—Any person that violates subparagraph (A) or (B) of paragraph (1)—
 - (i) shall be liable to the United States for a **civil penalty** of not more than \$500 for each day that the violation continues or has not been remedied; and
 - (ii) may be **fin**ed not more than \$10,000, **imprisoned** for not more than 2 years, or both.

CRIMINAL AND CIVIL PENALTIES

REPORTING
VIOLATIONS



UNAUTH.
DISCL./USE

SAFE
HARBOR

UNAUTHORIZED DISCLOSURE OR USE VIOLATIONS

- (h)(3)(B) Unauthorized disclosure or use violations.—Any person that violates paragraph (2)—
 - (i) shall be liable to the United States for a **civil penalty** of not more than \$500 for each day that the violation continues or has not been remedied; and
 - (ii)
 - (I) shall be **fined** not more than \$250,000, or **imprisoned** for not more than 5 years, or both; or
 - (II) while **violating another law** of the United States or as part of a **pattern of any illegal activity involving more than \$100,000 in a 12-month period**, shall be fined not more than \$500,000, imprisoned for not more than 10 years, or both.

CRIMINAL AND CIVIL PENALTIES

REPORTING
VIOLATIONS



UNAUTH.
DISCL./USE

SAFE
HARBOR

SAFE HARBOR

- (h)(3)(C) Safe harbor.—
 - (i) Safe harbor.—
 - (I) In general.—Except as provided in subclause (II), a person shall not be subject to civil or criminal penalty under subparagraph (A) if the person—
 - (aa) has reason to believe that any report submitted by the person in accordance with subsection (b) contains inaccurate information; and
 - (bb) in accordance with regulations issued by the Secretary, voluntarily and promptly, and in no case later than 90 days after the date on which the person submitted the report, **submits a report containing corrected information.**

SAFE HARBOR

- (h)(3)(C) Safe harbor.—
 - (i) Safe harbor.—
 - (II) Exceptions.—A person shall not be exempt from penalty under clause (i) if, at the time the person submits the report required by subsection (b), the person—
 - (aa) acts for the **purpose of evading** the reporting requirements under subsection (b); and
 - (bb) has **actual knowledge** that any information contained in the report is **inaccurate**.

CRIMINAL AND CIVIL PENALTIES

REPORTING
VIOLATIONS



UNAUTH.
DISCL./USE

SAFE
HARBOR

PENALTIES

- The C.T.A. provides various civil and criminal penalties.



REPORTING
VIOLATIONS

UNAUTHORIZED
DISCLOSURE,
USE

CRIMINAL,
CIVIL

THE CORPORATE TRANSPARENCY ACT



MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

PREPARATION FOR JANUARY 1, 2024

- What should we, as advisors, do in preparation for January 1, 2024?
- Identify potential reporting companies and their beneficial owners (and applicants, if applicable).
 - Entity owned by an entity?
 - Exemptions?
 - Substantial control vs. >25% ownership interest.
- Terminate entities before Jan. 1, 2024.
- Form entities before Jan. 1, 2024 to provide additional time to file initial report.
- Create processes, intake forms for reporting information.
- Determine internal process/plan for identifying applicants if you will be forming a reporting company.
 - Apply for FinCEN identifier?
-

PREPARATION FOR JANUARY 1, 2024

- Cover letters informing clients of their duties under the C.T.A.
 - Future reporting responsibilities on the client?
 - Reported information is accurate?
- Advisory letters to clients?
- Indemnity agreements?
 - For applicant?
 - For fellow beneficial owners?
- Process to calendar deadlines.
- Staff and professional training on C.T.A.?
 - Become familiar with reporting requirements.
- Calendar training session on FinCEN reporting website as available.
- Others?

DISCLAIMER:

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THE CORPORATE TRANSPARENCY ACT



MORGAN WILLIAMSON LLP
JOSEPH H. HINTON, ATTORNEY

NATHAN K. GRIFFIN

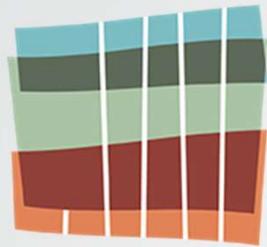


MEDIATION STRATEGIES AND CONSIDERATIONS

1:25 p.m. - 2:25 p.m.

BREAK 2:25 p.m – 2:45 p.m

Platinum



AMARILLO AREA
FOUNDATION



Gold



CHAD DZIEDZIC



**UNDERSTANDING SOCIAL
SECURITY RETIREMENT
BENEFITS**

2:45 pm -3:45 pm



Securing your retirement

Transforming Social Security into a winning retirement strategy

This material should be regarded as informational on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax advisors.

Living longer

Life expectancy upon retirement at age 65

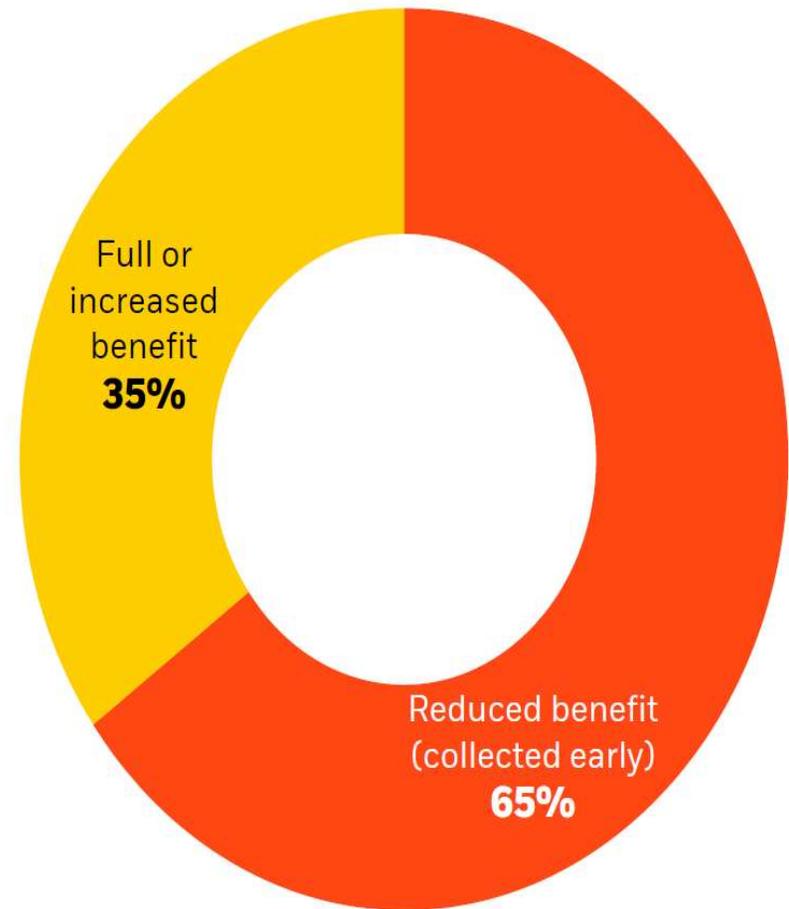
A healthy 65-year-old female has a 50% chance of living until age 89 (24 more years)



Source: Society of Actuaries' Annuity RP-2014 Total Healthy Annuitant rates, Scale MP-2014. Figures assume you are in good health.

But collecting early

Source: Social Security Administration's Annual statistical supplement, 2022.



Rules of retirement benefits

Individual benefits

Individual benefits

Earnings Record

Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. There's a link to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings, but you can view them online with [my Social Security](#). If you find an error view your full earnings record online and call 1-800-772-1213.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1996)
1971-1980	\$ 20,000	\$ 20,000
1981-1990	41,250	41,250
1991-2000	257,712	257,712
2001	34,915	34,915
2002	35,581	35,581
2003	35,717	35,717
2004	36,886	36,886
2005	40,325	40,325
2006	42,315	42,315
2007	44,346	44,346
2008	45,433	45,433
2009	44,781	44,781
2010	46,847	46,847
2011	47,146	47,146
2012	48,349	48,349
2013	48,505	48,505
2014	49,860	49,860
2015	50,850	50,850
2016	50,158	50,158
2017	50,440	50,440
2018	50,853	50,853
2019	50,957	50,957
2020	51,995	51,995
2021	Not yet recorded	

Best 35 Years

Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit [ssa.gov/200-ssa](#).

Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- We use cost of living adjustments so your benefits will keep up with inflation.
- The age you claim benefits will affect the benefit amount for your surviving spouse.
- If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- When you apply for either retirement or spousal benefits, you may be required to apply for the other benefit as well.
- For more information about benefits for you and your family, visit [ssa.gov/benefits](#).

Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work — up to four each year. Your full retirement age is 67, based on your date of birth April 10, 1950. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.

These personalized estimates are based on your earnings to date and assume you continue to earn \$61,995 per year until you start your benefits. To learn more about retirement benefits, visit [ssa.gov/benefits/retirement/early.html](#).

Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about **\$1,656 a month**.

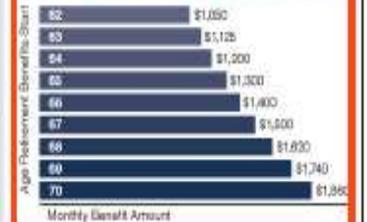
Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$2,129
Spouse, if caring for a disabled child or child younger than age 16:	\$2,129
Spouse, if benefits start at full retirement age:	\$2,838
Total family benefits cannot be more than:	\$4,968

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



Medicare

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for:

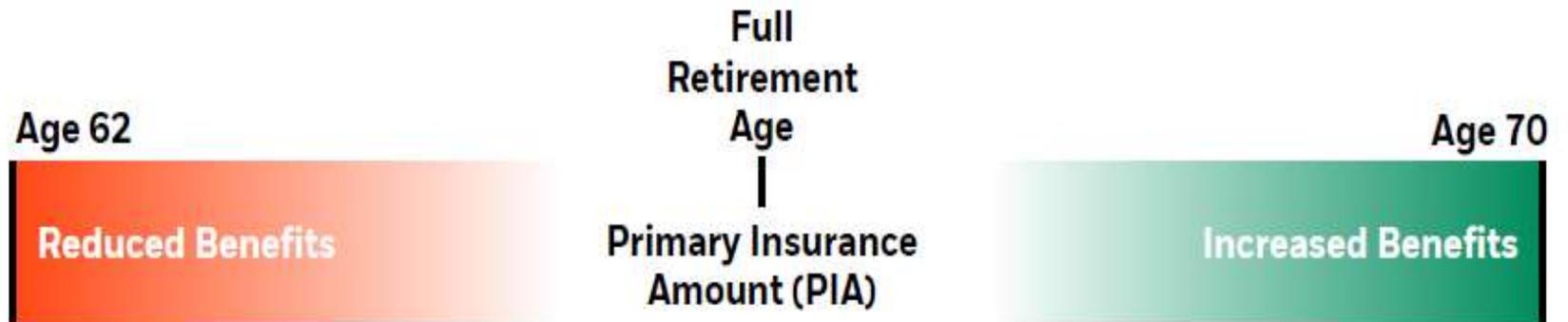
- people age 65 and older,
- under 65 with certain disabilities, and
- people of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.

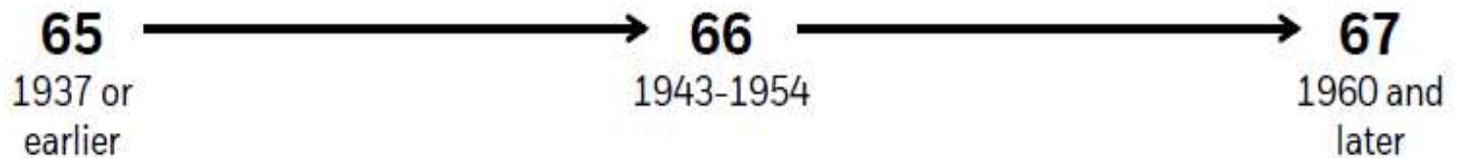
For more information about Medicare, visit [medicare.gov](#) or [ssa.gov/medicare](#) or call 1-800-MEDICARE (1-800-633-4227) (TTY 1-877-486-2048).

www.ssa.gov

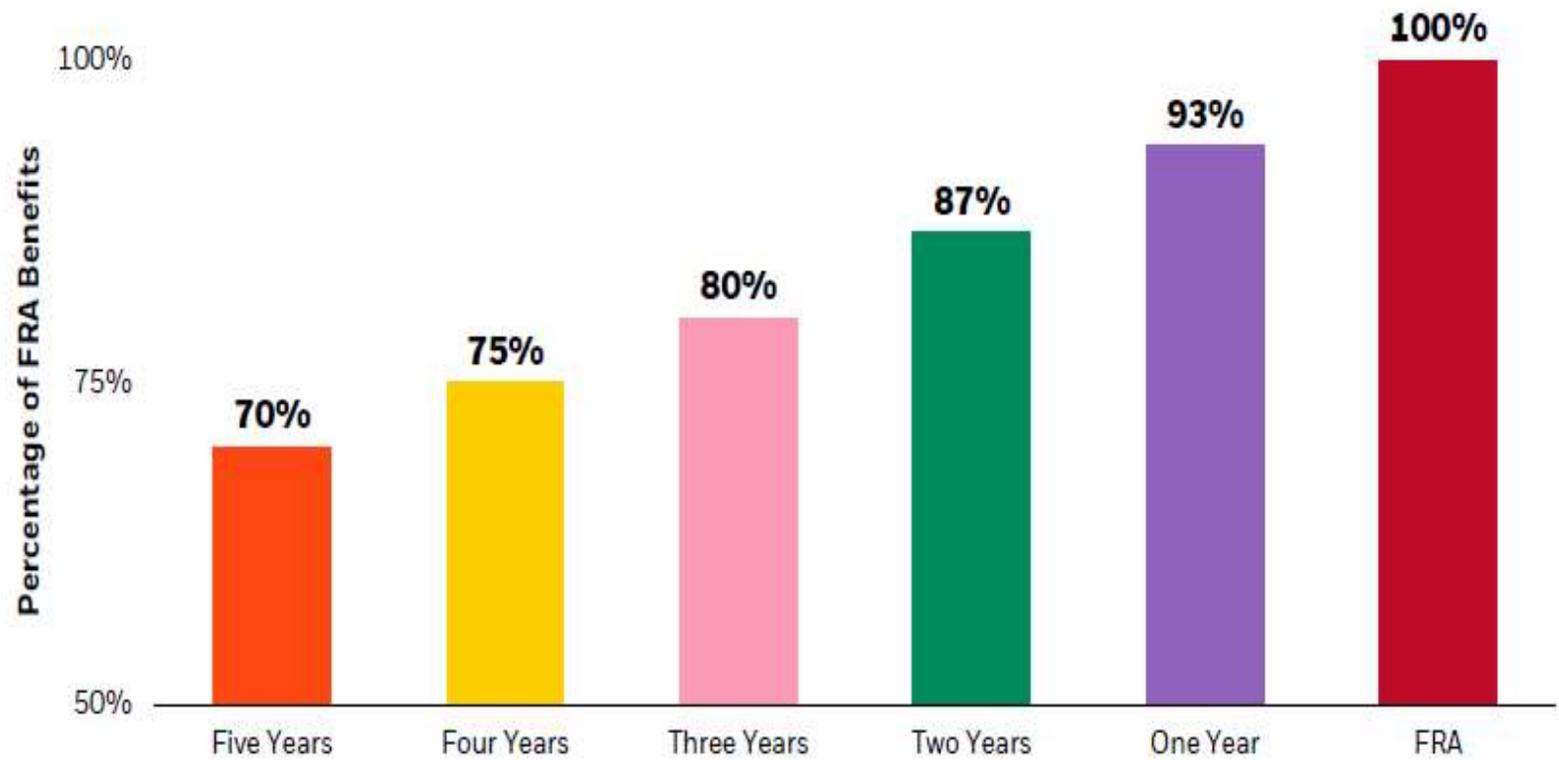
The tradeoff for individual benefits



Full Retirement Age (FRA)



Cost of collecting early



Source: Social Security Administration (www.ssa.gov). Assumes full retirement age of 67.

Considerations for collecting early

Working



Longevity



Spouse



Continuing to work while collecting early

2023 retirement earnings limit

Applies to any retirement benefits collected before FRA. Earnings limit looks at wages only.

Your age	2023 limit	What happens above the limit
Under FRA	\$21,240 /year	\$1 of benefits withheld per \$2 of earnings above limit
Year reach FRA	\$56,520 /year	\$1 of benefits withheld per \$3 in earnings above limit for months prior to reaching FRA
Month reach FRA and beyond	None	Nothing

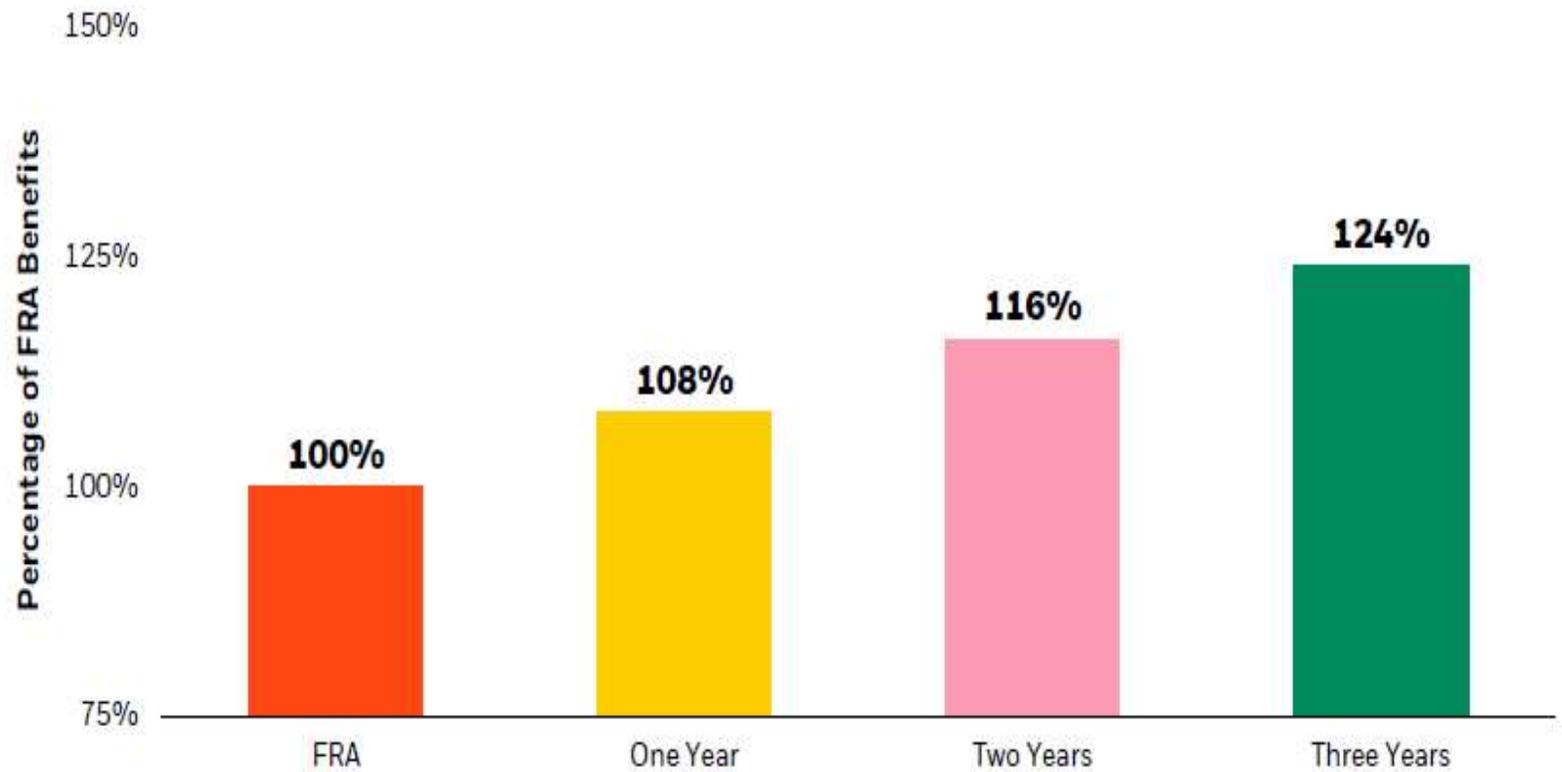
Source: Social Security Administration (www.ssa.gov)

Changing your mind

Source: Social Security Administration (www.ssa.gov).

SOCIAL SECURITY ADMINISTRATION		Form Approved OMB No. 0960-0019	
REQUEST FOR WITHDRAWAL OF APPLICATION		Do not write in this space	
<p>IMPORTANT NOTICE— This is a request to cancel your application. If it is approved, the decision we made on your application will have no legal effect; all rights attached to an application, including the rights of reconsideration, hearing, and appeal will be forfeited, and any payments we made to you or anyone else on the basis of that application will have to be repaid. You must then reapply if you want a determination of your Social Security rights at any time in the future but any subsequent application may not involve the same retroactive period. This procedure is intended to be used only when your decision to file has resulted, or will result, in a disadvantage to you. Your local Social Security office will be glad to explain whether, and how, this procedure will help you.</p>			
NAME OF WAGE EARNER, SELF-EMPLOYED INDIVIDUAL, OR ELIGIBLE INDIVIDUAL		SOCIAL SECURITY NUMBER	
PRINT YOUR NAME (first, middle initial, last name)	DATE OF APPLICATION	TYPE OF BENEFIT	
	TYPE OF APPLICATION		
<p>I hereby request the withdrawal of my application, dated as above, for the reasons stated below. I understand that (1) this request may not be considered after 60 days from the mailing of notice of approval, and (2) if a determination of my entitlement has been made, there must be agreement of all benefits paid on the application I want withdrawn, and all other persons whose benefits would be affected must consent to this withdrawal. I further understand that the application withdrawn and all related material will remain a part of the records of the Social Security Administration and that this withdrawal will not affect the proper crediting of wages or self-employment income to my Social Security earnings record.</p>			
Give reason for withdrawal. (If you need more space, use the reverse of this form.)			
<p>1. <input type="checkbox"/> I intend to continue working. I have been advised of the alternatives to withdrawal for applicants under full retirement age and still wish to withdraw my application.</p>			
<p>2. <input type="checkbox"/> Other (Please explain fully):</p>			
<input type="checkbox"/> Continued on reverse			
SIGNATURE OF PERSON MAKING REQUEST			
Signature (Your name, middle initial, last name. Write in ink)		Date (Month, day, year)	
SIGN HERE ▶		Telephone Number (include your code)	
Mailing Address (Number and Street, Apt. No., P.O. Box, or Rural Route)			
City and State		ZIP Code	Enter Name of County (if any) in which you now live
Witnesses are required ONLY if this request has been agreed by mark (X) above. If agreed by mark (X), two witnesses to the signing who know the person making the request must sign below, giving their full addresses.			
1. Signature of Witness		2. Signature of Witness	
Address (Number and Street, City, State and ZIP Code)		Address (Number and Street, City, State and ZIP Code)	
FOR USE OF SOCIAL SECURITY ADMINISTRATION			
<input type="checkbox"/> APPROVED	<input type="checkbox"/> NOT APPROVED BECAUSE _____	<input type="checkbox"/> BENEFITS NOT REPAID	<input type="checkbox"/> CONSENTS NOT OBTAINED
		<input type="checkbox"/> OTHER (Print reason/determination)	
SIGNATURE OF SSA EMPLOYEE		TITLE	DATE
		<input type="checkbox"/> CLAIMS AUTHORIZER	<input type="checkbox"/> OTHER (Specify)

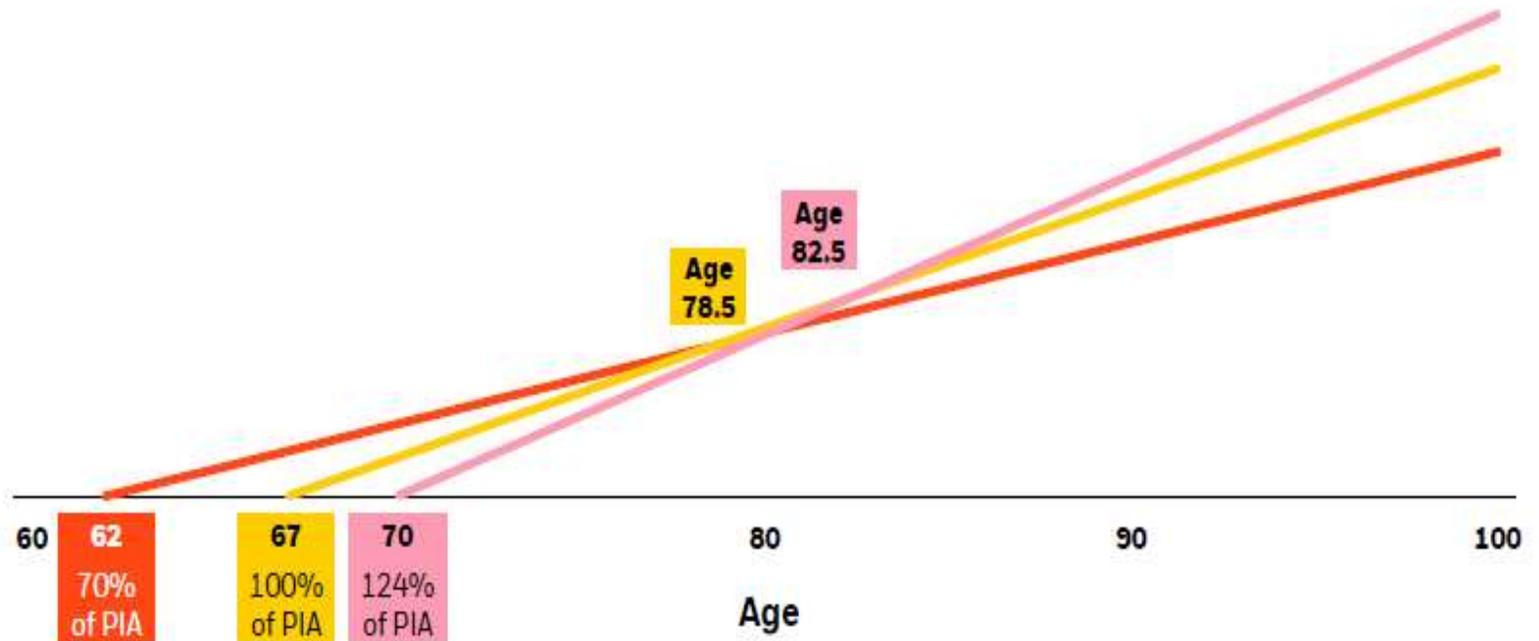
Guaranteed increases for collecting late



Source: Social Security Administration (www.ssa.gov). Assumes full retirement age of 67.

A question of longevity

Break even analysis

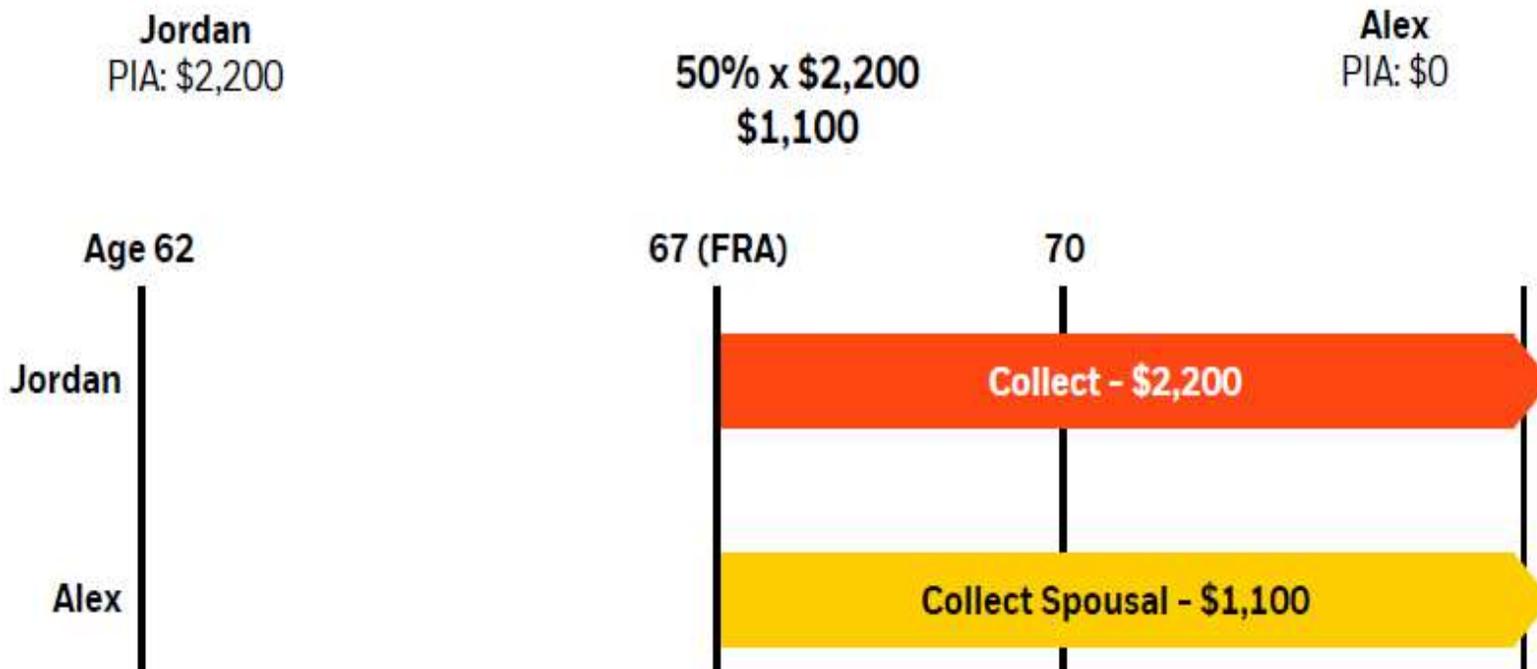


Assumes individual has a FRA of 67.

Rules of retirement benefits

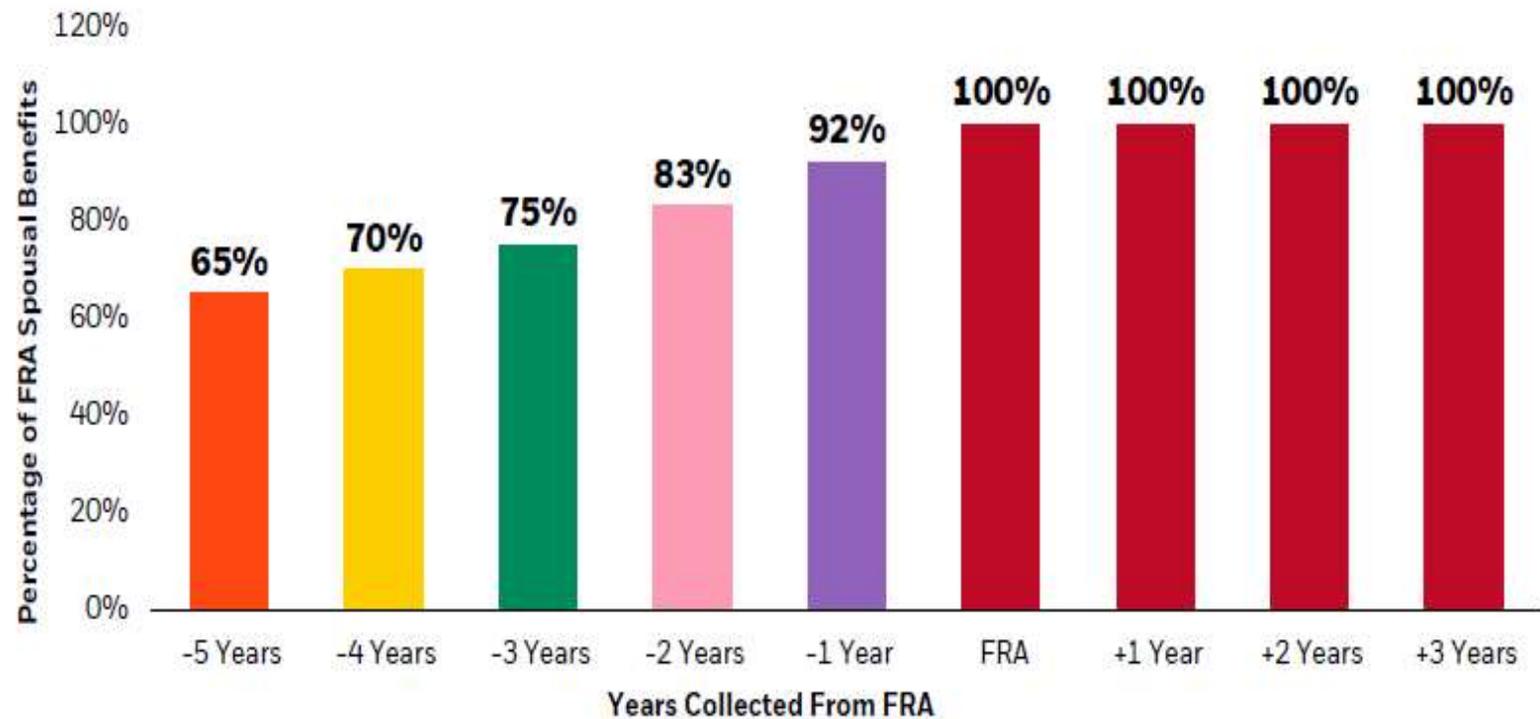
Spousal and survivor benefits

Spousal benefits amount



Spousal benefits reduction

Maximum spousal benefit amount

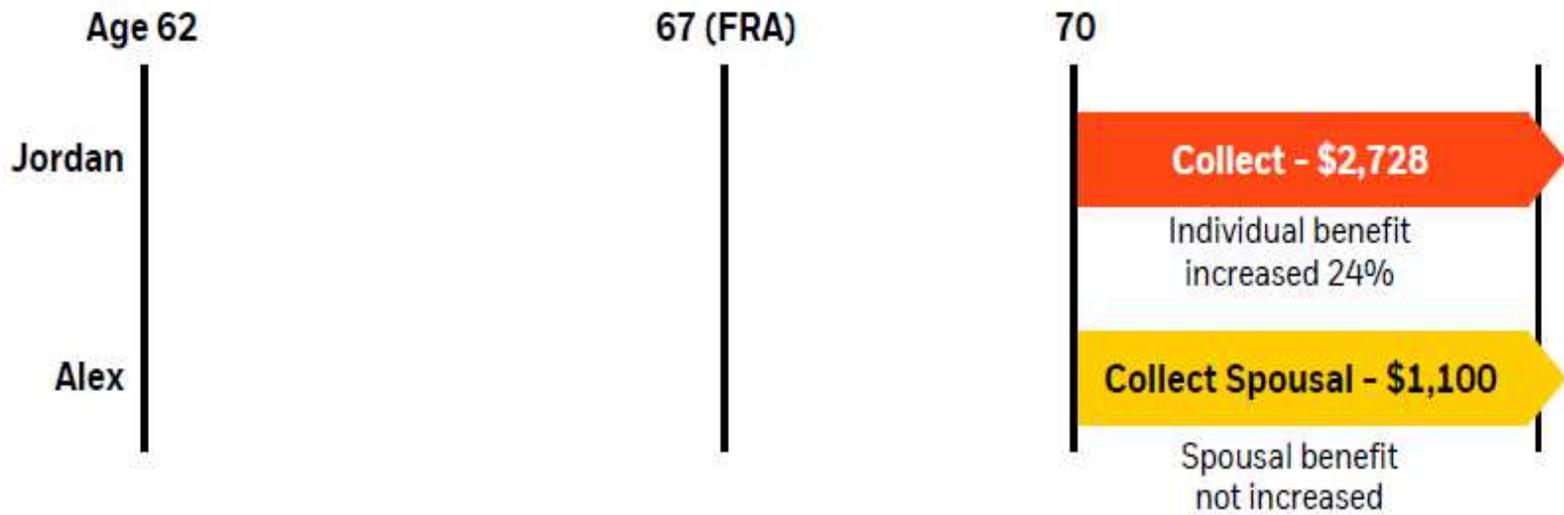


Source: Social Security Administration (www.ssa.gov). Assumes full retirement age of 67.

Spousal benefits eligibility

Jordan
PIA: \$2,200

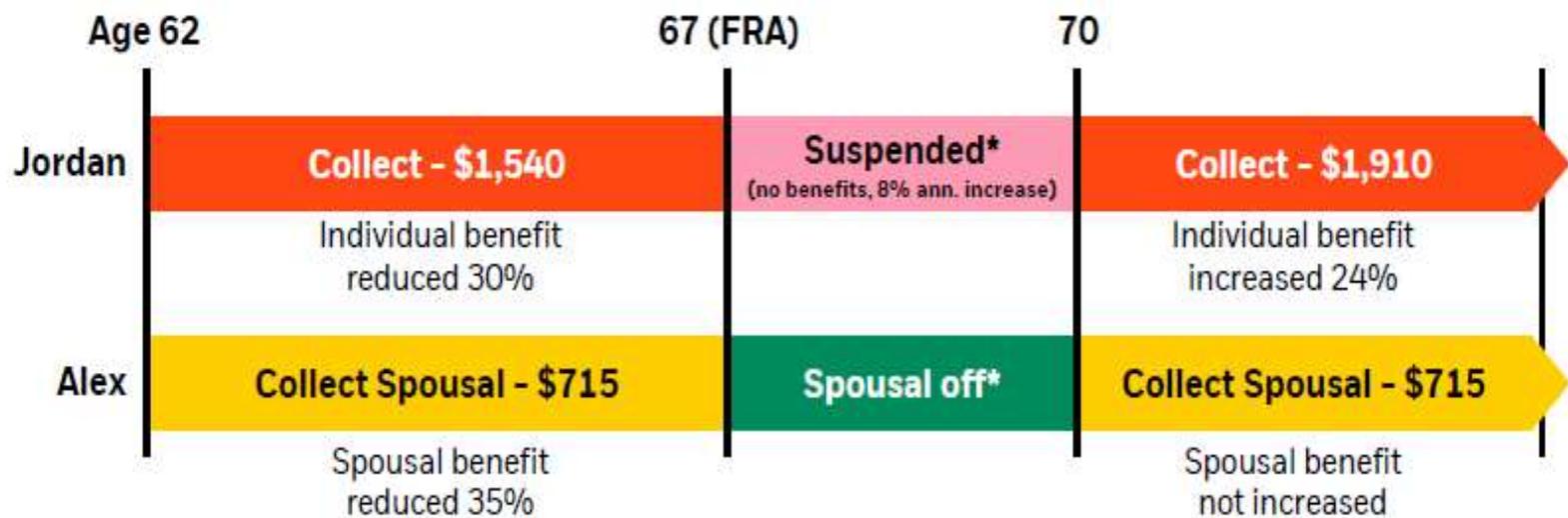
Alex
PIA: \$0



Suspending benefits still an option, but with new consequences

Jordan
PIA: \$2,200

Alex
PIA: \$0

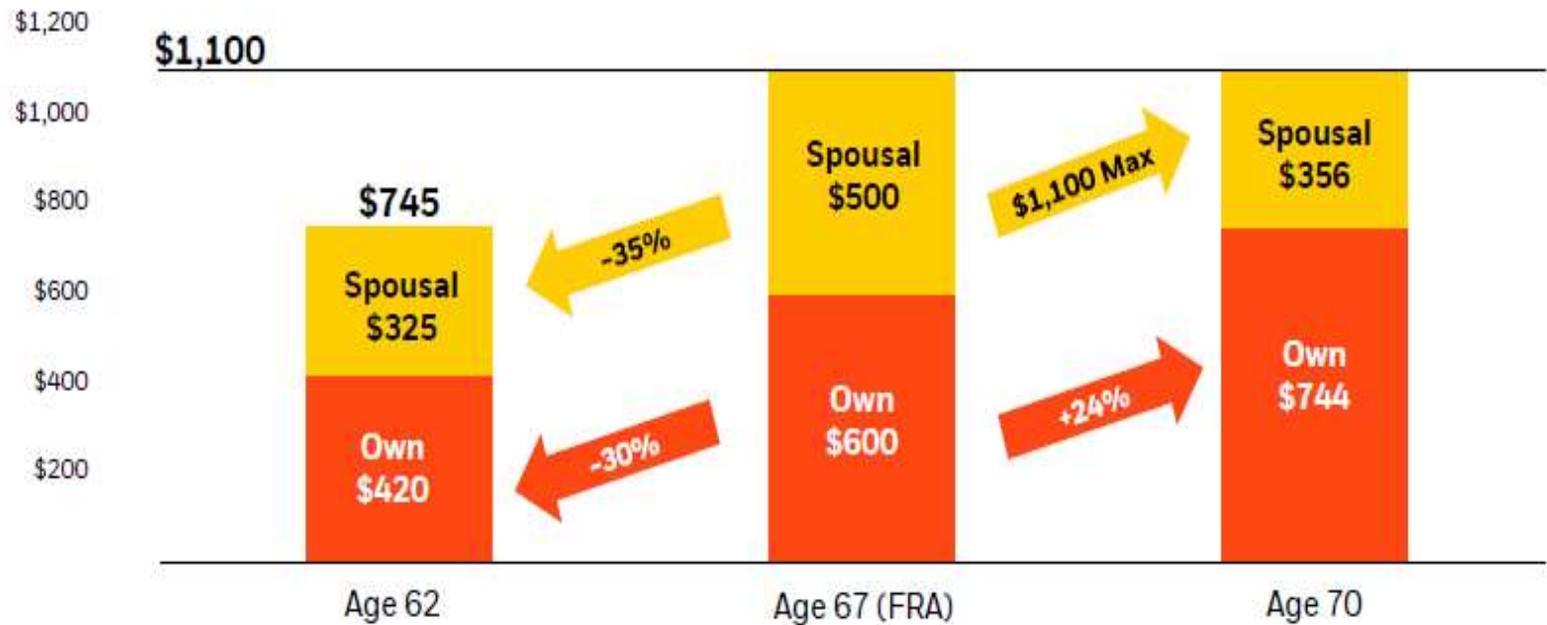


Source: Social Security Administration (www.ssa.gov). *If request to suspend is made after April 30, 2016.

Adding spousal benefits to individual benefits

Jordan
PIA: \$2,200

Alex
PIA: \$600

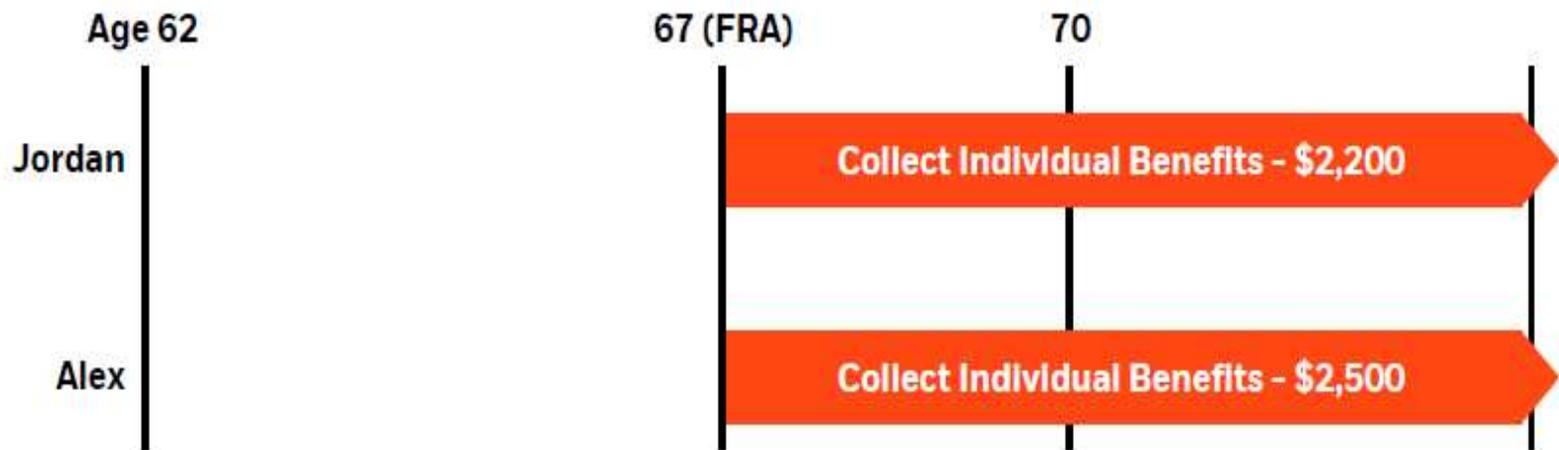


Source: Social Security Administration (www.ssa.gov)

Spousal benefits eligibility

Jordan
PIA: \$2,200

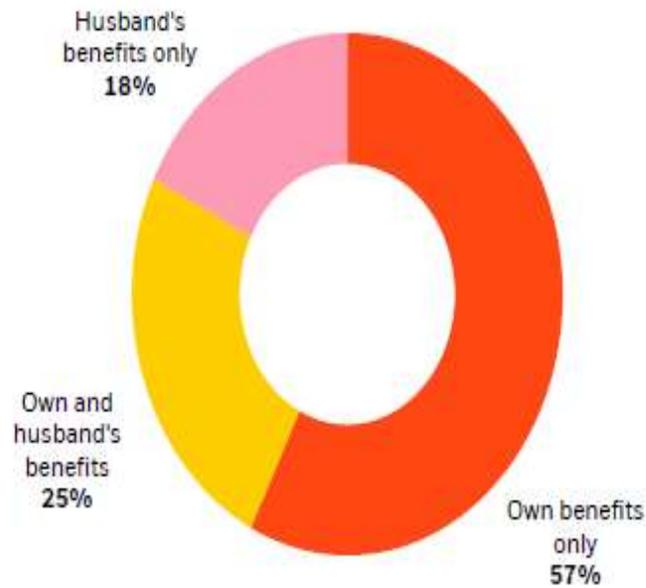
Alex
PIA: \$2,500



Source: Social Security Administration (www.ssa.gov)

Survivor benefits

Women are collecting their husband's benefits



Jordan
PIA: \$2,200

Alex
PIA: \$600

Jordan's benefits
(64, 6 months)
\$1,833



Survivor benefits
\$1,833

Jordan's benefits
(70)
\$2,728



Survivor benefits
\$2,728

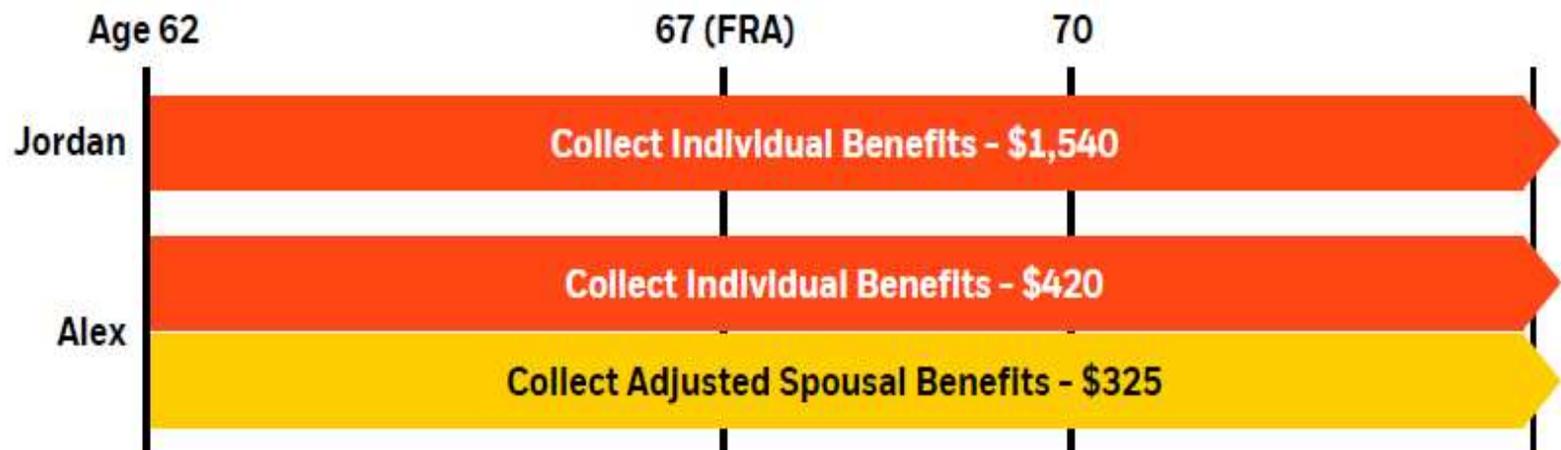
Source: Social Security Administration's Annual statistical supplement, 2022. Assumes full retirement age of 67 and primary insurance amount of \$2,200.

Collection strategies

Married couple collecting at age 62

Jordan
YOB: 1960
PIA: \$2,200
Lives through age 75

Alex
YOB: 1960
PIA: \$600
Lives through age 84



Jordan's Benefits
\$258,720

Alex's Benefits
\$70,560

Spousal Benefits
\$54,600

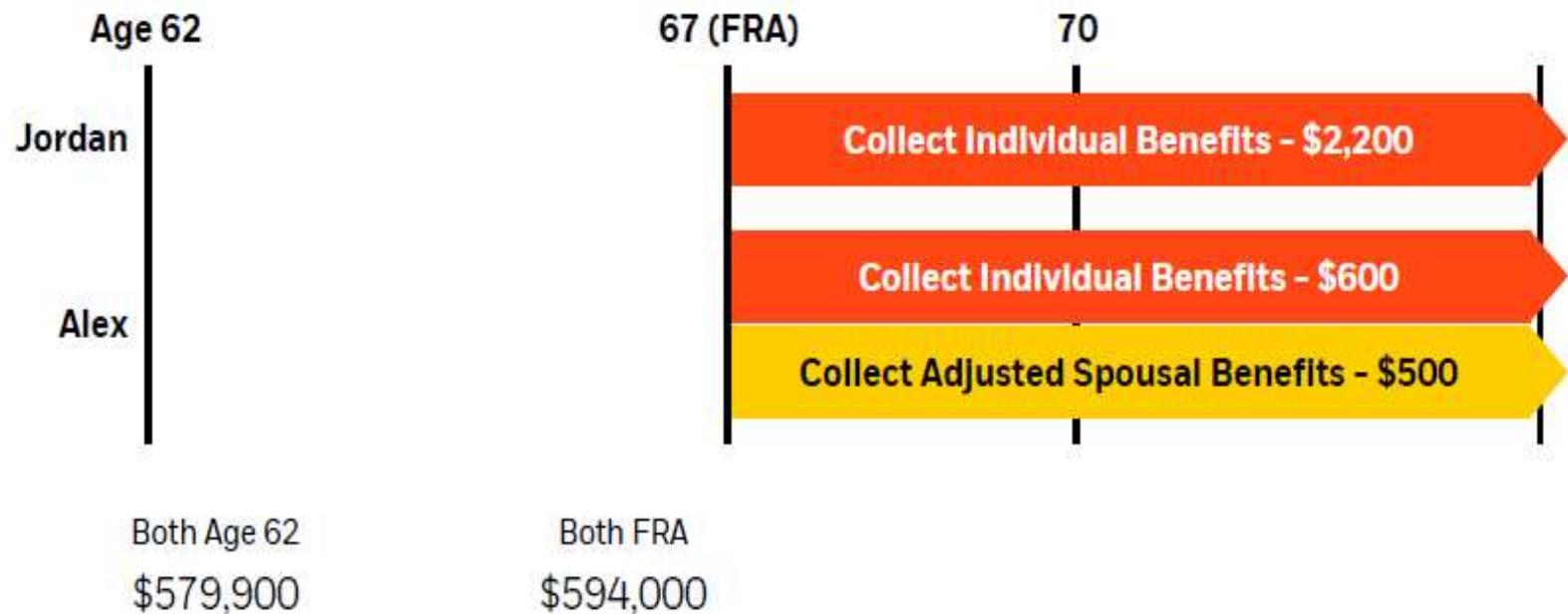
Survivor Benefits
\$196,020

Total
\$579,900

Married couple collecting at age 67 (FRA)

Jordan
YOB: 1960
PIA: \$2,200
Lives through age 75

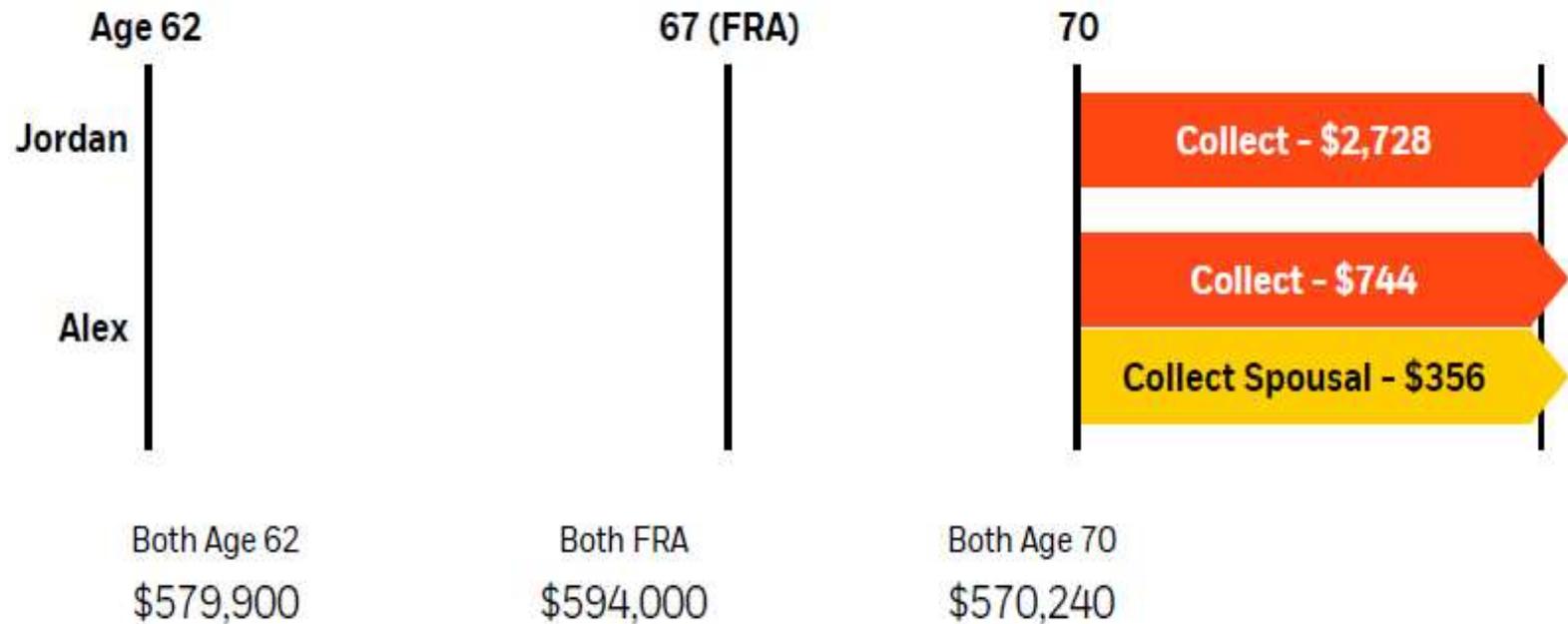
Alex
YOB: 1960
PIA: \$600
Lives through age 84



Married couple collecting at age 70

Jordan
YOB: 1960
PIA: \$2,200
Lives through age 75

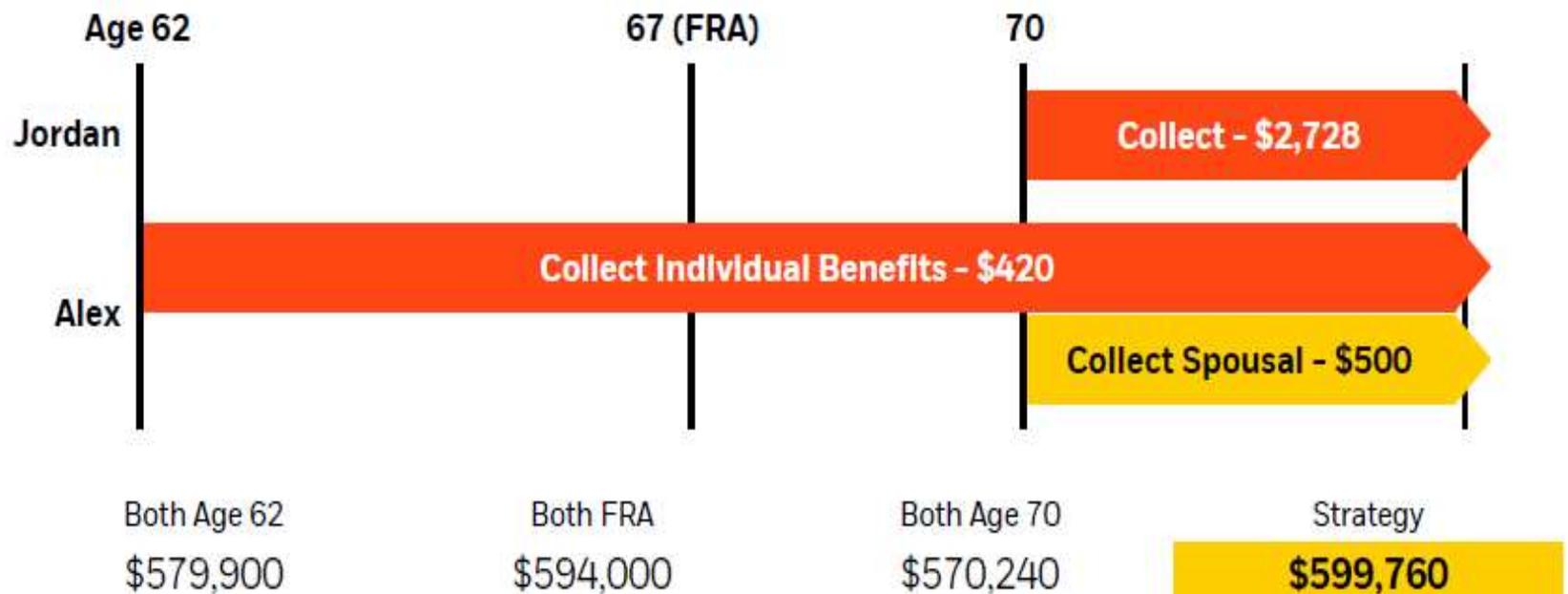
Alex
YOB: 1960
PIA: \$600
Lives through age 84



Married couple with large difference in benefits

Jordan
YOB: 1960
PIA: \$2,200
Lives through age 75

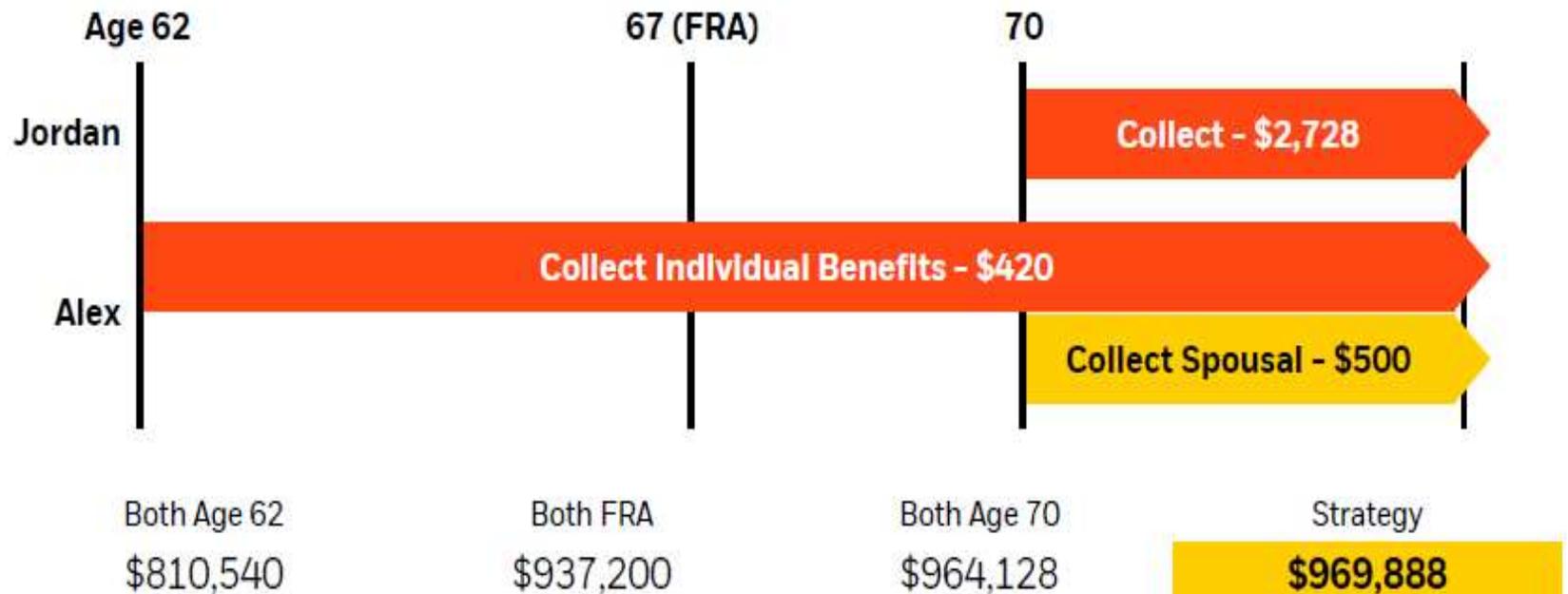
Alex
YOB: 1960
PIA: \$600
Lives through age 84



Married couple with large difference in benefits

Jordan
YOB: 1960
PIA: \$2,200
Lives through age 85

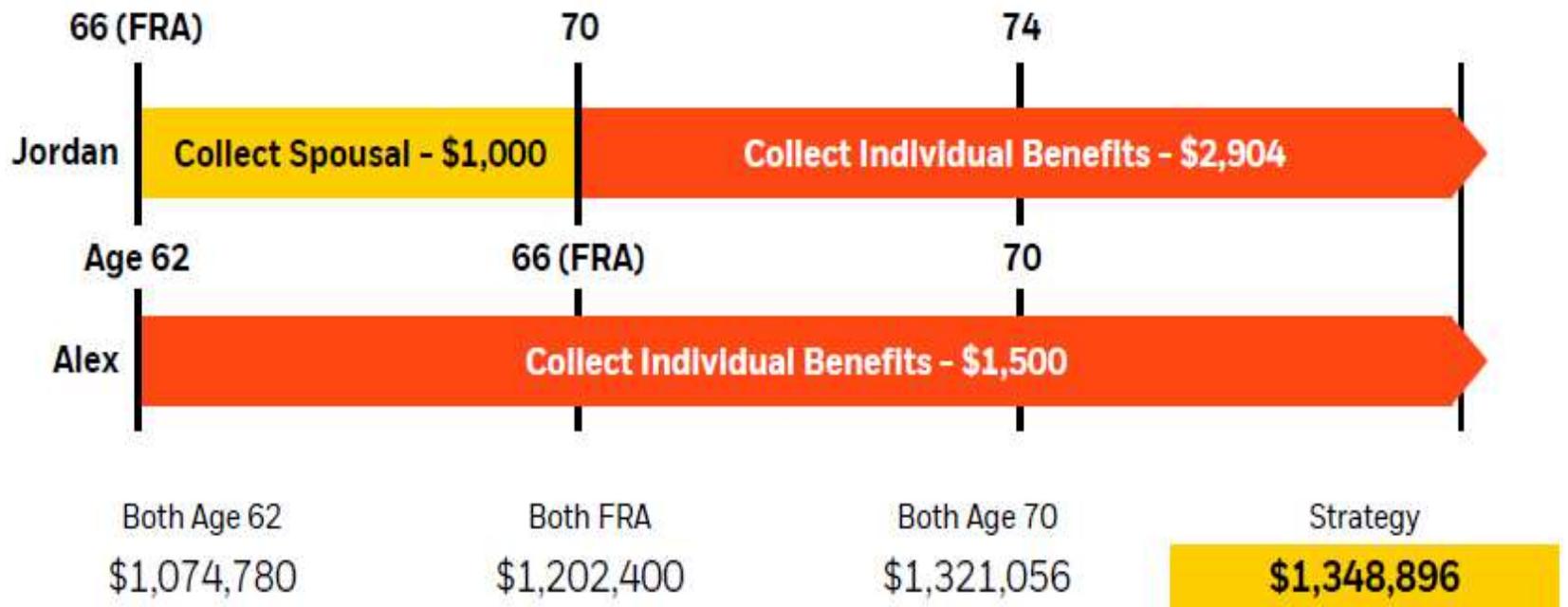
Alex
YOB: 1960
PIA: \$600
Lives through age 92



Restricted application available if born 1953 or earlier

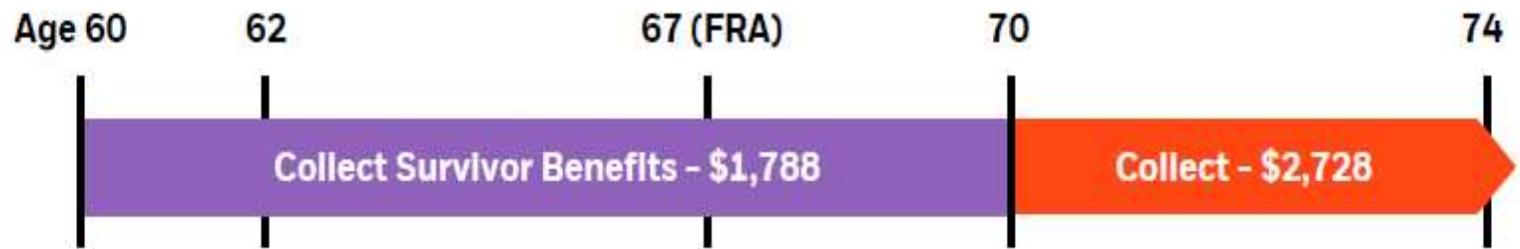
Jordan
 YOB: 1953
 PIA: \$2,200
 Lives through age 85

Alex
 YOB: 1957
 PIA: \$2,000
 Lives through age 92



Widow with significant individual benefits

Chris
PIA: \$2,200
Survivor: \$2,500
Lives through age 92



Both Age 62
\$740,679

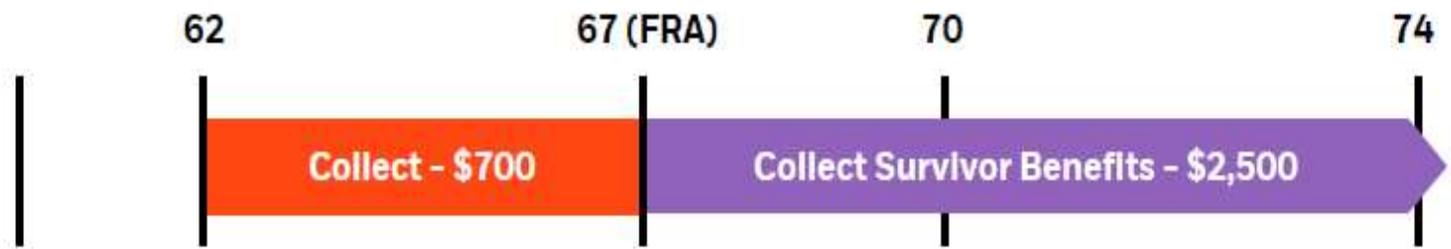
Both FRA
\$780,000

Both Age 70
\$752,928

Strategy
\$967,428

Widow with lower individual benefits

Chris
PIA: \$1,000
Survivor: \$2,500
Lives through age 92



Both Age 62
\$740,679

Both FRA
\$780,000

Both Age 70
\$690,000

Strategy
\$822,000

Additional beneficiaries

You or your retirement age spouse,
collecting benefits

```
graph TD; A["You or your retirement age spouse, collecting benefits"] --> B["Your unmarried child  
50% of your PIA*  
(75% of your PIA as a survivor*)"]; A --> C["Your younger spouse  
50% of your PIA*"]; B --> B1["• Under age 18 (19 if in high school)"]; B --> B2["• Any age if disabled before age 22"]; C --> C1["• Caring for your child who is under age 16 or disabled before age 22"];
```

Your unmarried child
50% of your PIA*
(75% of your PIA as a survivor*)

- Under age 18 (19 if in high school)
- Any age if disabled before age 22

Your younger spouse
50% of your PIA*

- Caring for your child who is under age 16 or disabled before age 22

*Subject to family maximum.

Source: Social Security Administration (www.ssa.gov).

Additional beneficiaries – Divorced spouse

Spousal benefits

- Married to ex-spouse for 10+ years
- Unmarried
- Both are at least age 62
- Divorced for at least 2 years*

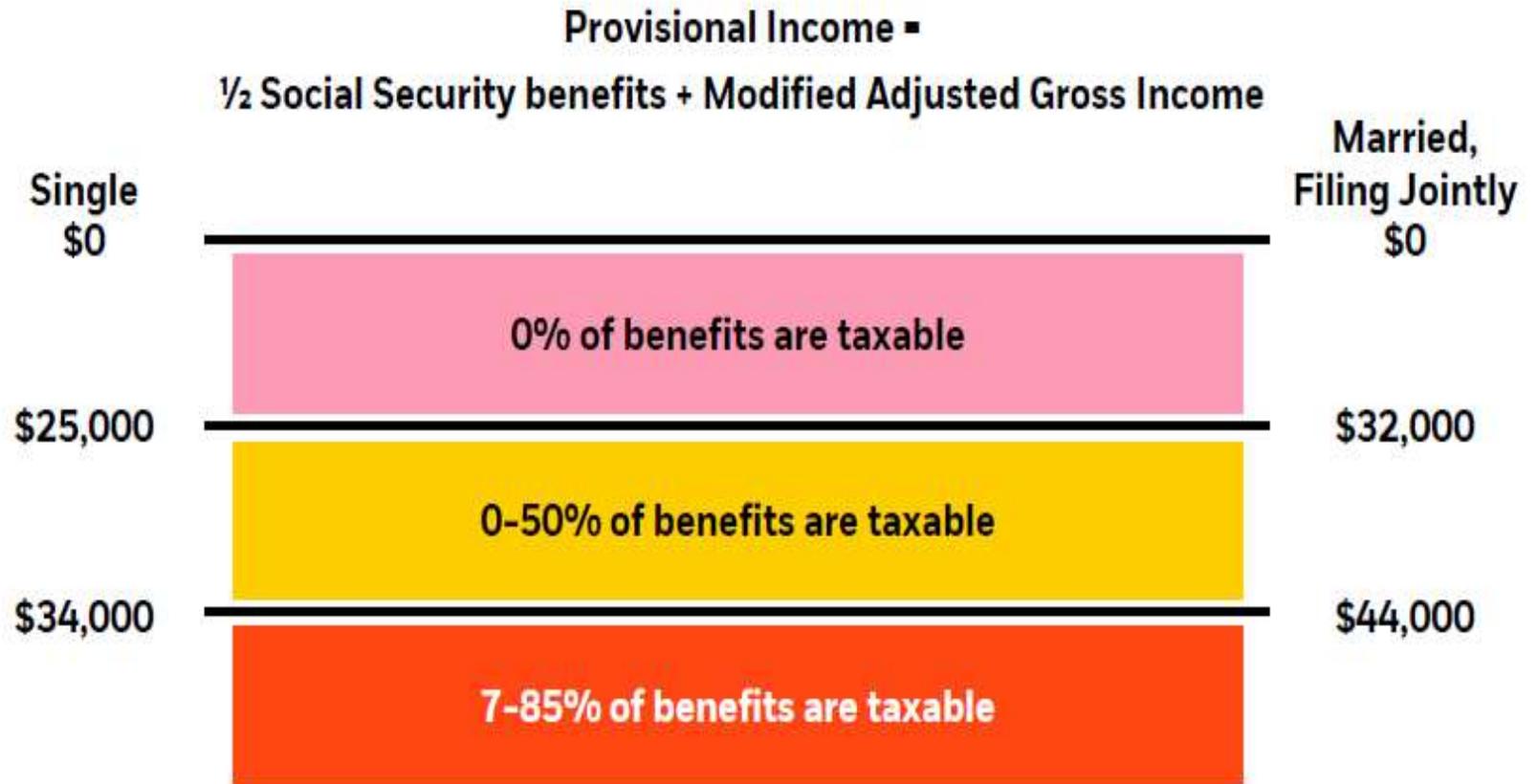
Survivor benefits

- Married to ex-spouse for 10+ years
- Unmarried or married after age 60
- At least age 60

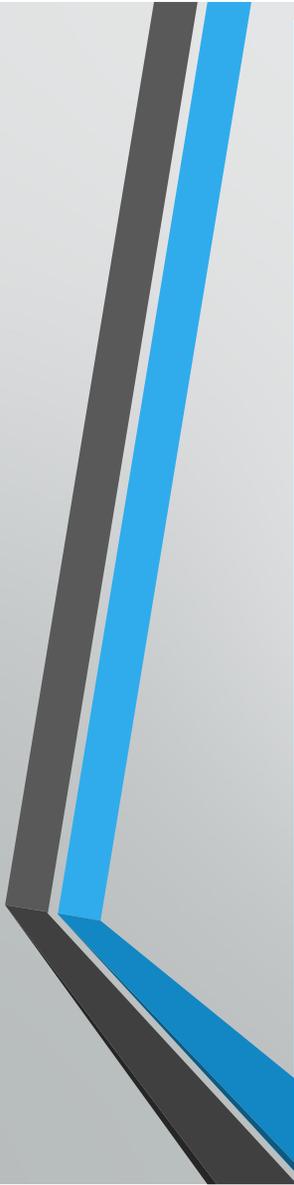
* 2 years does not apply if the individual was eligible for spousal benefits at the time of divorce

Source: Social Security Administration (www.ssa.gov)

Taxation of Social Security benefits



*Source: Social Security Administration (www.ssa.gov)



Next steps

Download your statement at
www.ssa.gov.

Meet with your financial professional to review a personalized analysis.

Incorporate collection into your retirement plan.



How to file for benefits

1. Online: Preferred method. Go to www.ssa.gov. Click on “benefits” then “retirement” then “apply for retirement benefits.”

2. In Person: Call Social Security at 1-800-772-1213 and schedule an appointment for an in office interview to file for benefits.

3. Via Phone: Call Social Security at 1-800-772-1213 and schedule an appointment for a telephone interview to file for benefits.

Important notes

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