

The Lakeview Group

Strengthening your financial securitySM



Wealth
Management



The Lakeview Group

Our values

At the Lakeview Group, we take pride in our comprehensive and personalized approach to managing your wealth. Our team goes beyond general wealth planning and investment models. We offer individualized investment strategies and advanced planning techniques in order to best meet our clients' needs. Our cohesive group of financial advisors and associates tackle the challenges that come with managing wealth, giving you more time to prioritize what is most important to you and your family.

Together, we employ a range of wealth management services to simplify your financial journey. Whether you are considering retirement, starting a family or planning for future generations, we address your investment needs and life's important financial situations you may encounter. Please reach out to any member of our team to learn more. We look forward to meeting you.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

About us

Michael Foody

Senior Vice President – Financial Advisor
Senior Portfolio Manager – Portfolio Focus
 (206) 621-3124 | michael.foody@rbc.com



Mike is a financial advisor with over 30 years' experience. Prior to joining RBC Wealth Management in 2018, Mike spent 20 years at Wells Fargo where he focused on comprehensive financial advice delivered with the highest level of personal service and integrity. Mike has received numerous national awards and much recognition throughout his

esteemed career.

Mike is a University of Washington alumnus and very active in the community. He has served on multiple nonprofit boards and is currently an advisory board member and Past President of Treehouse, a nonprofit serving the needs of foster children in Washington state.

Sean Smith

Senior Vice President – Financial Advisor
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Sean simplifies his clients' financial lives so they can focus their time and energy on the things they love most. We all face critical financial events in our lives. Some may want to maintain a lifestyle in retirement. Some may want to provide for their young families or future generations. Every client is unique and Sean's personalized planning and advice

helps provide confidence so clients are prepared for such events and they can pursue their passions in life.

After graduating from high school in 1988, Sean enlisted to become a paratrooper in the 82nd Airborne Division where he learned the virtues of discipline and structure. He began his career in the financial industry with Wells Fargo Bank in 1995 while working toward his degree in finance,

which he obtained from California State University, Long Beach in 1997. He joined WM Financial Services in 1998 and shortly thereafter moved to Seattle to start his career as a financial advisor. In 2022, Sean transitioned to RBC Wealth Management from Wells Fargo Advisors to expand the resources he could provide in his client-focused practice.

Sean settled in West Seattle in 2002 where he and his wife, Rachael, live with their three children: Peyton, Lilja and Gage. Committed to helping his community, Sean actively coaches youth sports. He also enjoys traveling with his family and recreational sports.

Jesse Bunich, CFP®

Senior Vice President – Financial Advisor
 (206) 621-3248 | jesse.bunich@rbc.com



Jesse Bunich is a senior vice president – financial advisor and CERTIFIED FINANCIAL PLANNER™ professional for RBC Wealth Management. As a senior vice president – financial advisor, Jesse's responsibilities include working with clients on investment management, retirement planning, insurance solutions and estate planning

services. After gaining a full understanding of his clients' financial situation, goals and values, Jesse helps craft a customized plan to build, manage, preserve and transfer clients' wealth in a tax-considerate manner. Jesse prides himself on maintaining strong, trustworthy relationships with his clients while providing quality advice and exceptional service.

He joined RBC Wealth Management in 2022 and is located in downtown Seattle. Jesse came to RBC from Wells Fargo Advisors in Seattle, Washington, where he worked from 2008 to 2022 as a financial advisor. Prior to joining Wells Fargo Advisors, he worked at WaMu Investments in Bainbridge Island, where he worked from 2003 to 2008 as a financial consultant. Prior to WaMu Investments, Jesse started his career with Morgan Stanley in Bellevue, where he worked from 2001 to 2003 as a financial advisor.

Jesse earned a Bachelor of Arts in business administration with a concentration in finance from the University of Washington in 2000. Additionally, he achieved his CFP® designation in 2003.

Born and raised in Seattle, Jesse is married with two children. His personal interests include golf, skiing and traveling, all of which he enjoys with his family.

Neale Foody
Financial Advisor

(206) 621-3128 | neale.foody@rbc.com



Neale joined the financial service industry with the goal of helping clients plan and strategize for their futures. Prior to joining RBC Wealth Management, he launched his career working for an award-winning, Seattle-based private equity firm. Neale graduated from the University of Washington Foster School of Business with a degree in finance,

and he also holds a professional sales certificate from the Jack Rhodes Professional Sales Program. He passed the Series 7 and 66 exams and holds life and health insurance licenses.

A native of Seattle, Neale is a die-hard Husky fan and proud alumnus of the FIJI fraternity. In his free time, he enjoys working on his golf game, bass fishing and spending time with friends and family on Lake Washington.

Laurie Reynolds
Investment Associate

(206) 621-3011 | laurie.d.reynolds@rbc.com



Laurie began her career in financial services in 1998. She has an in-depth knowledge of brokerage operations and superbly assists clients with their administrative needs. Her experience and efficiency make her a key part of the team. Laurie joined RBC Wealth Management in 2018 with Michael Foody after spending 20 years with Wells Fargo and its predecessor firms.

She received her Bachelor of Arts degree from Eastern Washington University. Laurie passed the Series 7, 63 and 66 exams and holds Washington state insurance licenses.

In her spare time, Laurie enjoys being outdoors, gardening and spending time with her family and friends.

Donna Cuaresma
Senior Registered Client Associate

(206) 621-3249 | donna.cuaresma@rbc.com



Donna is an integral member of the team. From opening accounts to updating, trading, transfers, online access and helping clients navigate their statements, Donna helps every step of the way. She is often the first person you connect with when you call. Donna has been in the financial services industry since 2005. Prior to joining RBC Wealth Management, she

spent time as a senior registered client associate at Wells Fargo Advisors, and was also branch manager in the South Seattle market for Wells Fargo Bank.

She graduated from the University of Washington with a bachelor's degree in economics. Donna passed the Series 7 and 66 exams and holds Washington state insurance licenses. Outside of work, Donna enjoys traveling, photography and hiking.

Client strategies team

Cyndy Ranzau, CFP®

Wealth Strategist



Cyndy Ranzau is a wealth strategist for RBC Wealth Management. Based in Denver, she serves as a resource for financial advisors to assist in gaining an understanding of their clients' financial objectives, gathering information and determining strategies for complex financial and wealth management issues for high-net-worth clients in the firm's

West division.

Cyndy works with advisors to discover issues their clients face and develop customized wealth management solutions to assist clients in attaining their goals. She focuses on wealth transfer planning, including trust and estate planning services, business succession planning, charitable planning and stock option planning. Cyndy works in collaboration with clients' attorneys, accountants and other professionals to implement customized planning strategies. In addition, Cyndy leads seminars and educational presentations for clients and groups on a variety of wealth strategies topics.

Cyndy has been with RBC Wealth Management since January 2013. Prior to joining RBC Wealth Management, Cyndy held various positions in finance including lead client advisor at a multi-family office, retail financial advisor and relationship manager in wealth management. She has been in the financial services industry for over 20 years and received her bachelor's degree in international relations at the University of Minnesota and her Masters of Science in financial services from The American College. Cyndy also holds the CERTIFIED FINANCIAL PROFESSIONAL™ certification, has passed the Series 7, 63 and 65 exams and holds multiple state insurance licenses.

Jordan Perschel

Credit Consultant, Credit and Liquidity Solutions



Jordan works with financial advisors to establish a wealth management approach that manages both sides of the balance sheet. He accomplishes this by focusing on clients' liquidity needs in the short term, while maintaining a long-term focus on goals-based borrowing through the wealth planning process.

Jordan began his career as a financial representative at Fidelity Investments in Cincinnati. He then moved to Chicago to work in Morgan Stanley's Stock Plan Services group, providing equity compensation solutions to public companies and providing advice and liquidation strategies to executives. Jordan then worked at Supernova Lending, LLC, a financial technology company that provides a comprehensive lending platform to financial institutions and advisors. While at Supernova, Jordan was a consultant at RBC Wealth Management where he helped launch a new securities-based lending platform and educated advisors on how to better incorporate lending into their practices.

Jordan graduated from Miami University's Farmer School of Business with a Bachelor of Science degree in finance.

Jordan was born and raised in Worcester, Massachusetts, where he attended Worcester Academy. He moved to Chicago in 2013, where he has lived in Lincoln Park, Wicker Park, Gold Coast and now in Lakeview. He enjoys all that Chicago has to offer.

Roger M. Smith,
CIMA®, RMA®, CFP®, CPFA™
Vice President – Insurance Consultant
Client Strategies Team



Roger is based in Denver and specializes in helping financial advisors and their clients utilize insurance strategies as part of the wealth planning and protection process. His background and expertise are often utilized in the areas of tax-considerate wealth transfer, long-term care risk management, income replacement protection,

retirement income and estate planning strategies.

He graduated from the University of Iowa Tippie College of Business with a Bachelor of Business Administration degree in finance. Roger earned the CERTIFIED FINANCIAL PLANNER™ certification in 1998, the CIMA® designation in 2008, the RMA® designation in 2018 and the CPFA™ in 2020. He holds life, health and variable insurance licenses, passed the Series 7, 9, 10, 63 and 65 exams, and has been licensed in the financial services industry since 1989.

His professional background includes serving as a wealth advisor, branch director and regional sales and business development manager with Merrill Lynch, Morgan Stanley and UBS Wealth Management.

Roger grew up in Cedar Rapids, Iowa, and spent the majority of his career in Denver, Colorado. He volunteered with the Leukemia and Lymphoma Society, Cystic Fibrosis Foundation, Denver Area Council Boy Scouts, Multiple Sclerosis Society, Food Bank of the Rockies and Boys Hope, Girls Hope organizations. He also volunteered with the Colorado Chapter of the Financial Planning Association, Investments and Wealth Institute and the University of Iowa Alumni Rocky Mountain Chapter, where he maintains active membership.

Roger enjoys spending time outdoors in his adopted home state with family and friends. He loves attending sporting, musical and craft brewing events, as well as skiing, hiking, golfing, tennis, boating and exploring the Rocky Mountain region year-round with his daughter, son and daughter-in-law, who all reside in Denver.

About RBC

As your financial advisor, we take time to understand your goals and offer wealth solutions to help you realize your life vision. We know what's important—the success of your family, personal aspirations and the legacy you want to leave to the world.

These are the reasons we help you manage your wealth in a way that reflects your unique values and aspirations. Because we believe as you do, that the greatest returns are realized when you grow more than wealth.

Why investors choose RBC Wealth Management

Clients who want to feel confident about their wealth plan and goals select us because our character counts. When you choose RBC Wealth Management, you will work with a company with deep resources, a reputation for putting the interests of clients ahead of our own and a passion for helping transform the lives of the people we serve.

What you can expect

Our professional financial advisors deliver the customized strategies and attentive service you deserve. The experience is as much about helping you fulfill your sense of purpose through your wealth as it is about achieving your financial objectives.

Key facts about the RBC Enterprise

- Among the top 10 full-service brokerage firms in the U.S. by assets¹
- In the U.S., earned 100% rating on the Human Rights Campaign Corporate Equality Index (2022)
- More than US\$1,049 billion in assets under administration and more than US\$792 billion in assets under management worldwide²
- Approximately 4,800 financial advisors, private bankers and trust officers worldwide, with approximately 1,900 financial advisors in the U.S.
- Offers thousands of investment products, including many local, regional and international investment opportunities

1. Quarterly earnings release (10-Q) from peer firms.

2. As of January 31, 2022.



Royal Bank of Canada (RBC) is one of the world's leading diversified financial services companies. One that is distinguished by a long heritage of financial strength, integrity and unwavering dedication to our clients.

Key facts

- Chartered in 1869
- Approximately 88,000 employees speaking over 100 languages serve more than 17 million clients worldwide
- One of the world's leading diversified financial services companies, providing personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing services on a global basis

Among the world's best

- Top 10 bank globally¹ as measured by market capitalization, with operations in 29 countries
- RBC ranked #2 in the global “Top 100 Most Diverse & Inclusive Companies” in the 2021 Refinitiv Diversity & Inclusion Index

Canada's leading financial institution

- Largest bank in Canada, with over US\$1.8 trillion² in total assets and a Common Equity Tier 1 capital ratio of 13.5% (Basel III)²
- Multiple award winner from Celent in 2021 for leadership in digitally onboarding clients and transforming business payments

Stable...safe...sustainable

- Consistently high credit ratings³ — Moody's Aa1, Standard & Poor's AA- and Fitch AA⁴
- Consistently strong and stable with a high-quality balance sheet, proactive risk management and a strong liquidity position
- RBC was ranked sixth among global banks on the Fortune “World's Most Admired Companies” list—the only Canadian financial institution to make the list (2021)

Top North American banks⁵

Rank	Company	Market cap (US\$ B)
1	JPMorgan	439
2	Bank of America	375
3	Wells Fargo & Co.	214
4	Morgan Stanley	181
5	RBC	164
6	Toronto-Dominion	151

Top global banks⁵

Rank	Company	Market cap (US\$ B)
1	JPMorgan	439
2	Bank of America	375
3	Ind & Comm Bank of China	251
5	China Merchants Bank	204
7	RBC	164
10	Citigroup Inc.	129

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

1. As measured by market capitalization as of January 31, 2022. Source: Bloomberg.

2. As of January 31, 2022. Q1 average balances calculated using methods intended to approximate the average of the daily balances for the period.

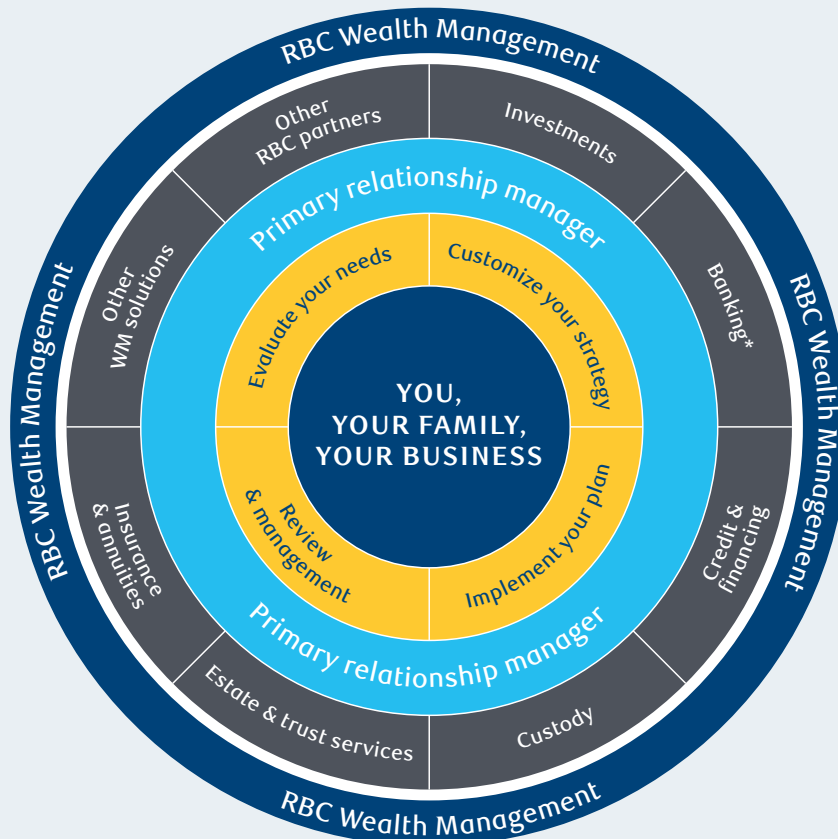
3. RBC Capital Markets, LLC, is a wholly owned subsidiary of, and separate legal entity from, Royal Bank of Canada. Royal Bank of Canada does not guarantee any debts or obligations of RBC Capital Markets, LLC. Credit ratings are not recommendations to purchase, sell or hold a financial position in as much as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by a rating agency.

4. Ratings (as of January 31, 2022) for senior long-term debt issued prior to September 23, 2018 and senior long-term debt issued on or after September 23, 2018, which is excluded from the Canadian Bank Recapitalization (Bail-in) regime.

5. As of February 3, 2022. Source: Bloomberg.

It all starts with you

Through your dedicated financial advisor, we deliver customized advice, innovative strategies and personalized solutions to help meet your wealth management goals—both for today and for years to come.



*Banking products and services are provided by affiliate banks.

A wealth of client solutions

No matter what stage in life, you can depend on us to help you navigate the complex choices and challenges planning for the future brings. We offer wealth management solutions to help integrate all your interests—family, business, lifestyle and philanthropy. By taking a holistic approach to all your financial goals, we can implement an appropriate level of asset management and coordination, while being mindful of tax and estate implications.

Investment services

- Advisory and discretionary investment management services across the entire investment spectrum
- Access to world-class managers across all asset classes
- Rigorous due diligence and risk analysis
- In-depth global research on equities, fixed income and investment managers
- Market commentary and research by RBC Capital Markets and other leading providers
- Access to diversified investment alternatives, such as hedge funds, managed futures, domestic and international funds, exchange-traded funds and structured product solutions
- Concentrated stock strategies to mitigate risk, minimize taxes, gain liquidity and diversify single-stock position

Credit solutions

- Lines of credit secured by eligible securities in an investment portfolio
- Managing wealth through pairing of credit with investment strategies

Customized planning

- Wealth management and insurance planning
- College and education funding planning
- Retirement and retirement income planning
- Estate services and multigenerational wealth planning services

Cash management

- Access to a set of customized, integrated cash management solutions
- Provides on demand, same-day liquidity through RBC Cash Management Account
- Online bill pay and electronic funds transfer
- Cash sweep choices, including FDIC-insured deposits
- RBC Visa® Platinum Debit Card with enhanced fraud protection, Platinum benefits and Apple Pay®

Capital Markets

- Premier investment bank, 9th largest global investment bank, according to Dealogic, February 10, 2022 based on global investment banking fees, Q1/22
- Over 17,000 clients reside in more than 100 countries worldwide
- A leader in debt and foreign exchange markets globally and a key player in North American equity markets
- 58 offices in 14 countries around the globe

Our mission is to help clients thrive and communities prosper.

Professional trustee services¹

- More than 100 years' experience as independent, professional trustees
- Multi-jurisdictional planning and cross-border tax awareness
- Experienced charitable trustee services for individuals and organizations, including Donor Advised Funds
- RBC Trust Company (Delaware) Limited offers personal trust services in two of the top trust jurisdictions for clients
- Comerica Bank & Trust, NA offers personal and institutional trust services and TCA TrustCorp America offers personal trust services along with flexible investment options. Both offer estate or trust/estate settlement

Insurance and annuity services

- Full range of insurance solutions, including term, whole life, universal life, single premium life and variable universal life, long-term care, disability and survivorship life
- Access to a range of annuities including variable, fixed, fixed index, single premium immediate, and deferred income

Executive services and employee solutions

- Deferred compensation and insurance solutions
- Restricted securities transactions, liquidity, execution, reporting and processing; proactive block sales
- Liquidity strategies for large blocks of concentrated holdings
- Net unrealized appreciation strategies
- Affiliate trading programs (10b5-1 plans)
- Buy-sell agreements and key person funding

Corporate services

- Investment banking services including equity and debt underwriting, IPOs, private placements, private investment in public equities, and lending
- Employer-sponsored retirement plans
- Institutional consulting services
- Employee ownership plan consulting and implementation, including online administration and execution for public and private companies
- Corporate share repurchases
- Hedging and monetization strategies, tax efficiency and asset protection
- Directed share programs

1. Professional Trustee services are offered to RBC Wealth Management clients by RBC Trust Company (Delaware) Limited (RBC Trust), Comerica Bank & Trust, N.A. and TCA TrustCorp America which may serve as trustee. RBC Capital Markets, LLC, is a subsidiary of Royal Bank of Canada (RBC), and RBC Trust is a subsidiary of City National Bank. RBC Wealth Management and/or your financial advisor may receive compensation in connection with offering or referring these services. Neither RBC Wealth Management nor its financial advisors are able to serve as trustee. RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your independent tax or legal advisor.

Worldwide capabilities



RBC: Trusted Strength

Operating for over
150
years



More than
87,000
employees worldwide



9th largest bank in the world,
market cap¹
\$151B+²



Global footprint and resources—
operations in
29
countries



One of the world's
**most
admired**
companies³



\$142.2 million given
globally through cash donations
and community investments⁴
(including support to mitigate the economic
impact of the COVID-19 pandemic)



1. Dealogic—Fiscal Q3 2021.

2. As of July 31, 2021.

3. (Megabanks category) – Fortune Magazine 2019.

4. Source: Environment, Social and Governance (ESG) Performance Report 2020.

Special needs trust: frequently asked questions

What is a special needs trust?

If you have a child or other loved one with special needs, you may want to establish a special needs trust. A special needs trust is an estate planning tool that can help you provide for the needs of an individual who is disabled without jeopardizing his or her eligibility for government benefits. A qualified attorney can help you establish and administer this type of trust.

Why establish a special needs trust?

Unlike other types of trusts often used in estate planning, the primary goal of a special needs trust is to provide for the needs of an individual who is disabled throughout his or her life.

Federal and state benefits are generally available to qualifying children and adults who have special needs. If your child qualifies for government benefits, one of your goals may be to help make sure that his or her eligibility continues into the future. A special needs trust can help you attain this goal. In addition, this type of trust can provide for supplementary care and services for your loved one.

To preserve eligibility for Medicaid

Medicaid, a joint federal-state program, provides medical assistance to those who are disabled and can demonstrate financial need. Children and adults can qualify for Medicaid only if their monthly income and the value of their other assets fall below certain limits, which vary from state to state. Most states set a \$2,000 asset limit.

In determining eligibility for Medicaid, a state may count only the income and assets that are legally available to the applicant. A special needs trust restricts the beneficiary's own direct access to the assets in the trust to such an extent that the assets are not considered legally available to the beneficiary. Thus, a special needs trust can protect Medicaid eligibility because assets in the trust are uncountable.

To preserve eligibility for Supplemental Security Income (SSI)

Children and adults with special needs who have limited income and resources often receive monthly benefits from Supplemental Security Income (SSI). These cash benefits

can be used for basic needs such as housing and food. But because SSI benefits are need-based, inheriting money can mean that a child with special needs will lose their eligibility for this benefit program. By naming a special needs trust as your beneficiary instead of your child, however, assets can be devoted to the care of your loved one. In addition, since SSI recipients are normally automatically eligible for Medicaid benefits, preserving your child's eligibility for SSI may preserve their eligibility for Medicaid as well.

To provide additional care and services

A special needs trust can be especially useful if you want to provide care and services necessary for your child's well-being, without supplanting Medicaid benefits. Although Medicaid pays for a number of medical costs, including hospital bills, physician services and long-term care, it will not subsidize items and services considered nonessential. These may include health-related expenses such as eyeglasses, dental care, rehabilitation services and home health aide services, as well as personal expenses such as transportation, computer equipment and vacations.

To help confirm that trust assets are not considered legally available to the beneficiary, the trustee must have sole discretion over the distribution of trust income and principal. The beneficiary must have no control over the trust and no right to demand distributions from the trust. The trustee should purchase goods and services directly on the beneficiary's behalf, instead of giving the beneficiary money from the trust to purchase items needed.

What requirements must a special needs trust meet?

If the trust is intended to supplement, rather than replace, government benefits, it must be properly drafted. Although requirements vary according to state law and the type of special needs trust being established, here are some of the rules that apply to special needs trusts in general:

- Generally, only a parent, grandparent, legal guardian or court can set up a special needs trust. The person with disabilities, no matter how competent, cannot be the "creator" of the trust (even if the trust is funded by their personal assets).

- Funds in the special needs trust may not be available to the beneficiary.
- The beneficiary cannot revoke the trust.
- The individual with special needs must be considered “permanently and totally disabled” under SSI criteria. Different rules apply to adults and children.
- Under the terms of the trust, the trustee may not be permitted to make payments or distributions that might interfere with government benefit eligibility. Distributions cannot be made directly to the beneficiary.
- Special needs trusts may be established as part of a will or during the creator’s lifetime.
- Special needs trusts can hold an unlimited amount of funds and funds can be added at any time.

What types of special needs trusts are available?

Although there are many types of special needs trusts, they fall into two general categories: the third-party special needs trust, which is funded with assets belonging to someone other than the beneficiary; and the self-settled trust, which is funded with assets belonging to the beneficiary.

How is a special needs trust typically funded?

In many cases, a special needs trust is established, but not funded, while the parent or other creator is alive. Upon the parent’s death, their will transfers the child’s portion of an inheritance to the special needs trust. The trust (instead of the child) can also be designated as the beneficiary of various assets, such as employee benefits and life insurance policies.

Typically, a special needs trust is funded using:

- Life insurance
- Cash (including gifts from relatives)
- Investments (e.g., stocks, bonds)
- Retirement plan benefits (e.g., pension benefits, IRA funds, 401[k] assets)
- Personal and real property
- Proceeds from a personal injury settlement (applies to self-settled trusts)

What else should you consider for a special needs trust?

Selecting a trustee

A trustee is a person or institution selected to administer a trust and manage its assets. The trustee’s role is to adhere to the terms of the trust document and fulfill its objectives. You may wish to name yourself or another family member as trustee of the special needs trust, or you may wish to name a professional trustee. Another option is to name a family member and a professional trustee as co-trustees.

Providing a letter of intent

If you set up a special needs trust through your will, you might also want to draft a letter of intent to describe how you want your child to be cared for after you’re gone. Although it’s not a legal document, it can provide important information to guardians, trustees, family members and others involved in the care of your child. The letter may address such issues as your child’s medical needs, daily routine, interests, likes and dislikes, religious practices, living arrangements, social activities, behavior management and degree of self-sufficiency. Such a letter can prove invaluable to your child’s caregivers and can also make the transition to a new living situation as smooth as possible for your child.

Informing family members

Explain to siblings or other family members why you’re setting up the special needs trust. Although siblings might expect to receive equal inheritances, more resources will probably need to be set aside for the benefit of your child with special needs. Explanations and clear directions now may help avoid family conflicts later.

Working with a qualified attorney and financial advisor

Special needs planning is complex and technical, and the laws that govern special needs trusts differ from state to state. To properly plan for your child’s future, work with a qualified attorney and a financial advisor who has experience with the planning needs of families of individuals with disabilities. This person should also have a thorough understanding of the income, gift and estate tax consequences that must be considered when funding and administering a special needs trust.

Estate planning basics

How property passes and cornerstone documents

The only constant in tax law is change. That’s why many of us get overwhelmed with the rules. Therefore, it is important to craft a flexible estate plan. This outline covers basic principles that should be part of most estate plans.

How property passes

First, you need to understand how property passes at death. With this understanding you can properly arrange your assets to pass as effectively and efficiently as possible.

In Diagram A below, the type of assets in Box 1 pass to heirs based upon their beneficiary designation. The assets included in this category include retirement accounts such as 401(k), 403(b), IRA, SEP, KEOGH, etc. In addition, accounts that have a TOD (transfer on death) provision attached to the account have in essence named a beneficiary. Other assets that have named beneficiaries include life insurance contracts and annuity contracts. Therefore, it is very important to carefully consider how your beneficiary designation is listed. This designation will dictate how the assets are to be transferred to your heirs. Only if you have named “my estate” as the beneficiary do the terms of your will dictate how these accounts are to be transferred.

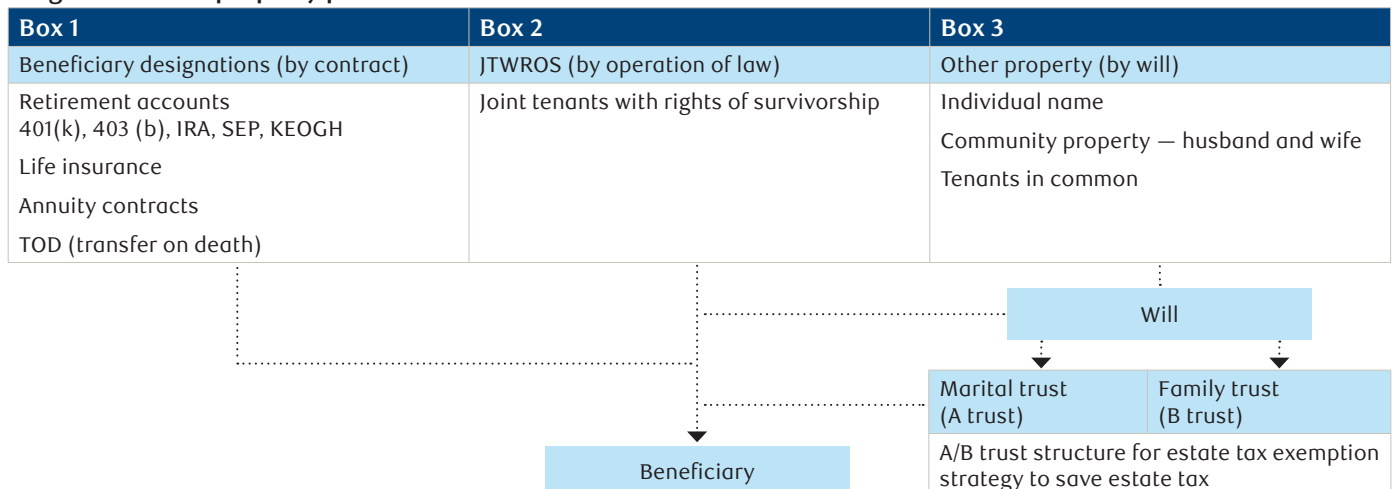
If you have assets that are titled joint tenants with rights of survivorship (JTWRROS) then you have in effect also given this asset a beneficiary designation. As Box 2 of the diagram illustrates, the assets will transfer to the surviving joint tenant(s) listed on the title of the account/asset.

Assets in Box 3 include assets titled in your individual name, as community property between a husband and wife, or tenants in common. In order to determine how and to whom these assets are to be distributed, we have to look at the decedent’s will. Often, this may be the first time that your executor has picked up your will to look at your instructions. Box 1 and 2 trump your will and, therefore, the assets will flow to the designated beneficiary or the surviving joint tenant not according to your will. However, box 3 is likely the most important box in your estate plan. It is through your will that the tax savings family trusts are created. (Family trusts are also known as exemption equivalent trusts, credit shelter trusts and bypass trusts.)

Family trust

It is often desirable for the decedent to have their property held in an irrevocable trust for the benefit of their surviving spouse and children. The family trust would hold the decedent’s assets up to the exemption amount in the year of death. This technique allows the decedent to have these assets passed to heirs free of estate tax. In states that have enacted a state estate tax, the exemption trust often has

Diagram A – How property passes at death



two pieces: the federal exemption amount and the state exemption amount. Additional benefits of the family trust include creditor/predator protection of the assets for the beneficiaries as well as control by the decedent of the ultimate disposition of the assets to heirs.

Marital trust

Any property of the decedent in excess of the exemption amount is often left to the surviving spouse outright or via a marital trust. While this trust does not avoid the estate tax at the death of the surviving spouse, it does have the benefits of creditor/predator protection and control of the ultimate disposition of assets to heirs by the decedent. The exemption equivalent and marital trust outline in your will is commonly referred to as an marital/family trust technique.

Cornerstone documents

Now that we understand how property transfers at death, let's review the four cornerstone documents that everyone should have in their estate plan. Please review Diagram B.

Will

A will outlines your wishes of how and to whom property is to pass at your death. This may include the establishing of the marital/family trust strategy outlined above. It may include trusts for the benefit of children or grandchildren. It may also include specific bequests to individuals and charities. Basically you can include in your will your desire of how your assets are to pass.

Durable power of attorney

A durable power of attorney allows you to appoint an agent to act on your behalf if you are unable to act for yourself with regard to financial matters. It is recommended that you name an agent and at least two successor agents to serve in the event the first agent you have named is also unable or unwilling to serve.

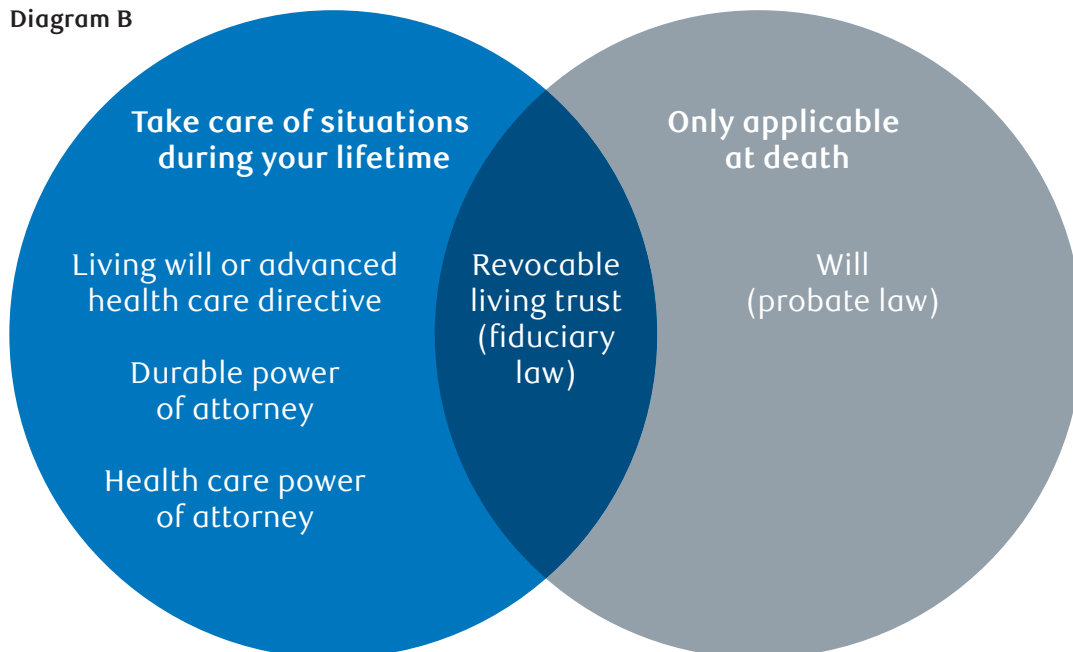
Health care power of attorney

Health care power of attorney allows you to appoint an agent to act on your behalf for medical decisions if you are unable to make those decisions for yourself due to incapacity. This document is vital in the planning documents. It is recommended that the medical power of attorney include a HIPAA release. This release will allow the doctors, hospitals and other care providers to release your medical information to your agent so they can make an informed decision on your behalf. Without a signed HIPAA release, the doctors, hospitals and other care providers will be unable to release this data by law.

Living will

A living will (or advanced health care directive) outlines your wishes to be followed by your family and medical care providers in the event you have a terminal illness or are in a vegetative state. This important document allows you to outline your desires for food, hydration, pain medication and the concept of dying with dignity.

Diagram B



Revocable living trust

Some individuals choose to have their estate plan outlined in a revocable living trust. In essence, a revocable living trust combines the two financial documents of your plan: your will and your durable power of attorney. Rather than having your finances controlled by an agent, your finances are controlled by a trustee. Both techniques will carry out your estate plan.

Using a will and durable power of attorney means that your estate will be overseen by a probate court. The main reason for this stems from the fact that “agents” don’t have a specific set of laws to follow. Therefore, if a beneficiary is somehow harmed by the actions of an agent, their remedy is via the court systems/probate court. In contrast, a revocable living trust has a trustee appointed which is bound by fiduciary duty or sometimes referred to as the prudent person rule. Since these rules exist there is no requirement for a probate.

It is, however, important to note that durable power of attorney ends at death.

Conclusion

The key to estate planning for your family at this point is flexibility. We know that laws will continue to change and you need to be able to modify your plan based upon a new environment or changes in your personal situation. Do not put off estate planning. Bad things sometimes happen when you least expect it. Be certain your family is protected.

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