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COMING SOON... GREAT PLAINS TRUST COMPANY IS GETTING A NEW LOOK

We're excited to announce that we're rebranding!

It's time to update our branding to better reflect our focus on serving as a wealth management firm for future generations who can carry on the legacy of the clients we're helping today. We're not only here for you; we're also here for your children, grandchildren and great-grandchildren.



GREAT PLAINS
Trust

Keep an eye out for new brand elements over the next few months. We hope you like the new look!

Pitfalls of Leaving Real Estate to your Relatives

For many individuals and families, the process of determining beneficiaries for certain inherited assets can be overwhelming. When making such decisions, grantors often focus on the emotional value of assets to determine which recipient to assign as beneficiary. What is oftentimes overlooked, however, is whether beneficiaries are prepared for the time and expense of managing certain inherited assets.

A recent Ameriprise Money & Family study polled over 3000

Americans between the ages of 30-70 with at least \$100,000 in investable assets. The study focused on passing on generational wealth, and the study found that 68% of respondents plan to leave real estate to their heirs. More than half of these respondents also reported that they had not told their heirs about their intentions.

In theory, leaving high-value property to one's heirs seems like a good idea, especially if it is highly appreciated, since the beneficiary will receive a step-up in basis at the

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Year-End Financial Planning Reminders

- As a reminder, GPTC can work with retiring or terminated plan participants to arrange rollovers to new IRAs. Plan sponsors should contact their account executive for assistance.
- Deferrals to 401(k) plans for 2022 must be initiated by December 31st; however, due to some payroll cycles, funds may not reach plans until 2023. The maximum deferral amount for 2022 is \$20,500 (\$27,000 if age 50 or over).
- 2022 RMD's must be paid no later than December 31, 2022. IRA RMD's will be paid at the end of November.
- Do you want to make an in kind charitable gift of stock for 2022? If so, please send your request to us no later than December 10, 2022 to guarantee delivery to the charitable organization in 2022.

Family Harmony is a Casualty of Many Estate Plans.

For many clients, preserving family harmony is a top goal in the estate planning process. Equally important to any plan is choosing the correct people to carry it out. Despite the importance of each of these goals, many families struggle to accomplish one without sacrificing the other.

Regardless of whether your Plan includes a will, trust, or both, you will need to choose a fiduciary (Executor for the will, Trustee for the trust), to serve when you, or if married, you and your spouse, are no longer able to serve due to disability or death. Many families solve this dilemma by naming an adult child to serve as the fiduciary. This solution, however, does not always work out for the best.



In fact, a recent Journal of the Kansas Bar Association reported, based on professional inquiries and polls, that an estimated 33-40% of families with a child or children serving as the fiduciary experienced “significant family discord” in the post-death administration of the estate.¹ This number may even be higher, for several reasons.

First, many couples will decide to name one child to serve but then struggle to choose one over the others. Doing so involves several potential pitfalls. For one, serving as trustee requires far more time, effort, experience, and expertise than many realize. Families often underestimate all that is involved in serving as trustee and unintentionally create an undue burden for the child appointed. In addition, the child appointed may come to resent the significant time and effort it takes.

Conversely, inexperience and mistakes made by the child attempting to serve can lead to feelings of frustration or resentment by the non-serving family members. They may disagree with the decisions the one serving makes, feel that he/she is biased or otherwise treats them unfairly, or simply feel slighted by the fact that they were not chosen. These feelings can have lasting consequences to sibling relationships.

Some families will attempt to circumvent the dilemmas of naming one child by naming them all as co-trustees. The problem with this approach, however, is this: what happens if the children do not agree? If an even number of children are involved, contentious deadlock could result, and in worse-case scenarios, could lead to having to involve the courts.

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Pitfalls of leaving Real Estate Continued...

owner's passing. However, there are several potential pitfalls involved with leaving real estate to heirs. First and foremost, you should have a conversation with the intended heirs about whether they would actually want to inherit the real estate or would prefer to have the asset sold and receive the proceeds. The beneficiary might not be able to afford the maintenance, insurance and taxes on the property. If the real estate still has a mortgage, the beneficiary may not be able to refinance the loan in his or her own name. Additional conflicts may arise if the real estate is left jointly to more than one beneficiary. Some may want to sell, and some may want to keep the property. If the property is not sold, there may be conflicts between the heirs if one or more cannot afford the costs associated with the real estate.

If you decide that you still want to leave real estate to your heirs after considering all of these factors, then you will need to carefully select your executor or trustee. The executor or trustee will have a fiduciary responsibility to manage estate/trust assets until they are distributed. Managing real estate assets is

a big job whether it involves selling the property or keeping up with the property on an ongoing basis. When family dynamics are also part of the equation, it may be best to have a corporate trustee rather than an individual. It is also important that the trust or will document contains detailed instructions about who is responsible for the maintenance costs, taxes, insurance, etc. associated with the property.



The Ameriprise survey concluded with three tips: (i) communicate your wishes in advance to ease potential family tension, especially if the property will be divided among multiple people, (ii) have a detailed plan that outlines key information about the property, and (iii) understand the tax implications of gifting real estate. ❖

Family Harmony Continued...

If the Plan involves an odd number of children, sometimes they will be directed to rule by majority. This can also lead to delay and discord as the children attempt to make decisions. Just as significantly, it can lead to lingering resentment among siblings, especially for the “odd one out,” who is not in agreement. Again, the effects of these types of interactions can have lasting consequences.

Another potential problem when children serve together as co-trustees is a struggle to split the workload equally. One or a few of the children are likely to do a disproportionate amount of the work, which can result in friction among all of them. Other issues ripe for contention include: 1) whether the child(ren) serving should be paid a fee from the trust or estate, 2) conflicts of interest regarding distributions, 3) arguments about the time frame for getting things done, 4) disputes concerning accountings or financial

records, etc. These problems can be compounded in “blended family” situations.

Given the potential for these problems, many families have chosen Great Plains Trust Company to serve as successor trustee for their trusts. We are experienced in working with families facing disability or death of a loved one and can help your family navigate through these difficult transition periods. Having professionals involved can also be of significant relief as the family grieves and deals with stressful times.

No two estates or families are the same. If you would like to speak with us about your specific situation, please give us a call. ❖

¹ Resting in Pieces, Tim O’Sullivan, The Journal of the Kansas Bar Association, February 2020.

Social Security to Potentially See Historic Adjustment to Benefits

Individuals receiving Social Security benefits may see a dramatic jump in 2023 benefits due to high inflation data. While new government data relating to inflation is beginning to indicate that inflation is in retreat, Social Security beneficiaries may still see a record setting cost of living adjustment next year.

According to the Senior Citizens League, a nonpartisan senior group which focuses on studies of Social Security and Medicare, Social Security benefits may increase 8.7%, based on recently released Consumer Price Index (CPI) data. According to the group's calculations, this would amount to an additional \$144 in monthly benefits for the average retiree benefit of \$1,656. This would represent the highest cost of living adjustment for Social Security since 1981 when it was increased 11.2%.

While these are only projections, the official numbers will not be released until after October 13th, 2022. At the time, the annual cost-of living (COLA) data is calculated based on the months of July, August and September, with the inflation adjusted amount applied to checks going out the following January.

Once the Bureau of Labor Statistics announces inflation data for September on October 13th, the Social Security Administration typically announces cost-of-living adjustments soon thereafter. Beneficiaries should then receive letters in the mail detailing their specific benefit rate. If you are a beneficiary who misses their letter in the mail, you can verify your increase online at www.ssa.gov/myaccount.



When you work with Great Plains, you're putting your wealth in the hands of real professionals, not just some algorithm. Real people who have built real wealth. Real businesses. Not just for our customers, but for ourselves. We know firsthand the hopes, fears, ambitions and challenges that individuals and small business owners in Kansas City and nationwide face. It's what makes Great Plains the first name in wealth management. And it's always on a first-name basis.



OUR MISSION STATEMENT

To be a premier provider of investment and trust services to the business owner and high net worth/income individual. We shall deliver responsive, reliable and informed service combined with a commitment to achieve superior long-term investment returns for our customers. We shall at all times deal honestly and respectfully with all clients and associates.

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