

Ready to cut some clutter?

Switching your paper statements to online statements is a great way to do it. It also ensures that there is never any interruption or delay in receiving them. Along with saving paper, online statements are received more quickly and can be downloaded, saved, or printed at home. Please contact your Account Executive or email us at: trustops@greatplainstrust.com.

If you are still receiving paper trade advices in the mail, please consider turning those off and signing up for online account services. On Trust Reporter you are able to view activity on a daily basis as well as view current holdings and account statements.

Charitable Giving Options for the New Year

Now is the perfect time to consider your charitable giving for 2022. Getting started now gives you plenty of time to thoughtfully consider which charities matter most to you. It also gives you time to implement strategies to lower your tax bill and make the most of your giving, all while avoiding the last-minute December scramble. In coming up with your plan, these are some things to consider:

1) Qualified Charitable Distributions: Generally, a qualified charitable distribution is 1) a distribution from an IRA (other than an ongoing SEP or SIMPLE IRA) 2) taken by an account owner aged 70 ½ or older 3) paid directly from the IRA to a qualified charity. So long as the distribution is given to charity, the account owner can deduct it as a charitable donation while also meeting the IRS's RMD requirements. Qualified charitable distributions can be used to satisfy all or part of your annual RMD. For example, if your 2021 RMD was \$10,000, you could make a \$5,000 qualified charitable distribution, but would still have to withdraw another \$5,000 to satisfy the 2021 RMD. [Irs.gov/retirement-plans-laws-regarding-iras-distributions-withdrawals](https://www.irs.gov/retirement-plans-laws-regarding-iras-distributions-withdrawals).

2) Non-Cash Assets: Donating non-cash assets such as stock or

mutual fund shares directly to charity, rather than selling them and donating the after-tax proceeds, can amount to significant tax savings. So long as you've owned the assets for more than one year, you can generally deduct the fair market value of the assets for the tax year in which the gift is made. In addition, you can avoid any capital gains

Now is the perfect time to start planning your charitable giving for 2022! We'd be happy to assist you with developing the best plan for you and your favorite charities.

tax you may otherwise owe if you sell the assets yourself and donate the proceeds – neither you nor the charity will have to pay it.

3) Donor Advised Funds: A donor-advised fund (DAF) is a separate account used for the sole purpose of making charitable donations. Contributions to a DAF can be made at any time and qualify for a tax deduction during the year made (generally up to 60% of adjusted gross income). Once made, contributions to a DAF can be used to support any IRS-qualified

(Continued on page 3)

What to make of Cryptocurrencies?

Our view on cryptocurrencies and digital assets is that they are highly speculative, and we do not offer a way to purchase or hold them. We recommend following time-tested investment principles: purchase well researched leading companies with strong management teams, low debt, and in a sector expected to experience long-term secular growth. Do not let FOMO (fear of missing out) interfere with your investment decision making. Cryptocurrencies are not common stocks of companies, and do not trade on stock exchanges. There are no underlying fundamentals (such as an actual product being sold, which would create sales and profits) to support how a cryptocurrency is valued. Crypto prices may be manipulated by unknown, and perhaps criminal, market participants. Regulatory agencies have issued letters warning investors of these risks.

For more information please see: <https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-alerts/digital-asset>

Estate Planning with Cryptocurrency & NFT's

You have probably heard the terms “Bitcoin”, “Dogecoin” or maybe even “Ethereum” even if you do not own any of these assets yourself. All of these terms are names for cryptocurrency, which is a digital asset that is created and traded online on exchanges like Coinbase and Gemini. If you own cryptocurrency (“crypto”), you can only access these assets by public and private keys (like passwords) that may be dozens of characters long.



The IRS does not consider crypto to be currency but instead considers it investment property. The value of crypto is not a stable number but changes with the market. Bitcoin's value, for example, increased by 70 percent in 2021, but has seen volatility in recent months. Since the IRS treats crypto as property, profits from the sale of crypto are subject to capital gains tax which may be long-term or short-term depending on how long the asset is held. A taxable event occurs when the crypto is exchanged for fiat currency or a different brand of crypto.

In addition to the tax implications, crypto presents a unique challenge in estate planning. Since crypto can only be accessed by the key, it is important that this information is stored safely and included with your estate

planning documents. No one will be able to access the crypto if they do not have the key. Some investors have lost millions by misplacing the key to their crypto investments. If the crypto holder dies without revealing the key to his or her heirs, the funds are lost forever. Estate planning documents should also include a provision that allows the executor or trustee to access, control and manage digital assets.

Another type of digital asset that is becoming more popular is a nonfungible token (“NFT”). NFT's are unique assets, sort of like a work of art, that may be traded on marketplaces like OpenSea. Examples of NFT's are: digital art, sports collectibles like animated NBA basketball cards, gaming collectibles, music, video clips, social media posts and digital real estate. Investors in NFT's hope that these assets will grow in value just as rare postage stamps, coins or baseball cards traditionally have. An NFT of the first Tweet of Twitter's founder, Jack Dorsey, for example, sold for over \$2 million. If you own NFT's, you need to consider the tax implications in your estate plan and be sure to leave the necessary keys or passwords so that your heirs can access these assets. ❖

Can I Still Fund a Backdoor IRA?

One proposed piece of the Build Back Better legislation, which failed to pass in the Senate in 2021, is closing the financial planning loophole known as the “Backdoor Roth IRA.” A Backdoor Roth IRA is a nickname for a strategy that allows you to invest in a Roth IRA even though your income is greater than the IRS limits allow. For 2022, you cannot contribute to a Roth IRA if you are single and your income is above \$144,000, and your ability to contribute is limited if your income is above \$129,000 (for married couples, the limits are \$214,000 and \$204,000, respectively).

A Roth IRA is an attractive strategy for many because, unlike traditional retirement accounts, money can be withdrawn tax-free after age 59½ from a Roth IRA if the account has been open for at least five years.

In addition, there is no mandatory requirement to withdraw money from a Roth IRA after age 72, as with a traditional retirement account. This allows more time to benefit from compound growth, which can also be passed to your heirs, if desired.

How do you establish a “backdoor Roth IRA” when your income is above the IRS limits? In short, you contribute money to a traditional IRA, and simply convert the contribution made to a Roth IRA. There is no limit on the amount that you can convert to a Roth IRA, as there is with regular contribution limits to a Roth IRA. When you convert tax-deferred money from the traditional IRA to a Roth IRA, you pay taxes on the converted amount as though it were taxable ordinary income. The taxable portion

converted would be considered income for the tax year in which the conversion took place.

After failing to pass the Build Back Better legislation last year, it’s likely that Congress will try to pass it again in 2022. If a version of the Bill passes later this year, the rules may go into effect immediately. It is possible, but unlikely, that the rules will be imposed retroactively to the beginning of the year. Another possibility may be that the new rules would not go into effect until the start of 2023. In short, if the Backdoor IRA strategy is one you want to implement, don’t procrastinate in taking action.

As always, please consult your tax advisor to see if this is a viable option for your specific set of circumstances. ❖

Charitable Giving Options Continued...

public charity you choose on whatever timetable works best for you and/or the charity. Meanwhile, the contributions grow tax free, allowing you to contribute even more to your favorite charities. Once made, however, contributions to a DAF cannot be returned or withdrawn for any purpose other than charitable gifts.

DAFs can be a great strategy for people thinking about retirement. They allow you to take advantage of tax deductions during higher income-earning years, when you need them most, while pre-funding your charitable giving during retirement, when income may be lower. They also ultimately provide more money to the charities you support as the Fund will grow between the time of your contributions and donations. DAFs can also be a good solution for anyone ready to donate assets but needing a bit more time to decide which charities to support.

Potential Changes: While impossible to predict, it is important to keep an eye on potential legislative changes, especially if you are working toward a long-term plan. The Tax Cuts and Jobs Act of 2017, for example, is temporary and set to expire after 2025 unless extended or repealed. One of the things this Act did is double the standard deduction, which significantly shrank the number of taxpayers who itemize their tax deductions each year. If this provision expires, however, many more taxpayers will be allowed to deduct charitable gifts as they did before the Act. The Biden administration has also proposed new laws that, if passed, could affect charitable giving in the future.

We would be happy to assist you with developing the charitable giving plan that works best for you. Contact your advisor at Great Plains Trust for more information about funding a DAF. ❖

Tax Updates for 2022

There are some positive tax changes for the year 2022. The standard deduction will increase by \$800 for married couples filing jointly and by \$400 for single filers. The top federal tax rate remains 37%, but married couples filing jointly will not hit that tax bracket until their income passes \$647,850, a \$20,000 increase from 2021 tax brackets. Individual taxpayers hit this tax bracket at an income of \$539,900. These tax bracket changes are based on inflation.

The annual gift tax exclusion has increased to \$16,000, up from \$15,000. Additionally, the estate tax exclusion increased to \$12,060,000, up from \$11,700,000. Finally the Roth IRA

income limits will increase – up to \$129,000 for single persons before the phase out begins and up to \$204,000 for married persons filing jointly. The amount you are allowed to contribute, however, remains unchanged at \$6,000 per year if you are under age 50 and an extra \$1,000 per year “catch up” for those over 50.



The estate tax exemption is currently scheduled to sunset on December 31, 2025, but there have been discussions that legislation may be enacted earlier to dramatically reduce the exemption prior to that date. If you are potentially subject to the estate tax, you should talk to your financial planner and attorney about the possibility of making wealth transfers now, such as transferring assets to a grantor trust. One type of grantor trust is a spousal lifetime access trust (SLAT) that allows the donor spouse to have indirect access to gifted assets by means of the beneficiary spouse. These trusts can also provide creditor protection. ❖

GREAT PLAINS

Trust and Asset Management

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.

CONTACT US

CORPORATE HEADQUARTERS

7700 Shawnee Mission Parkway, Suite 101
Overland Park, KS 66202
P 913.831.7999 | TF 888.529.2776 | F 913.831.0007
info@greatplainstrust.com

ATLANTIC REGION TRUST SERVICE OFFICE

Charleston, SC | 843.883.7410

GREAT PLAINS TRUST OF SOUTH DAKOTA

Sioux Falls, SD | 605.271.5141

greatplainstrust.com