

WHAT ISSUES SHOULD I CONSIDER IF I EXPERIENCE A SUDDEN WEALTH EVENT?

CASH FLOW ISSUES	YES	NO	ASSET & DEBT ISSUES (CONTINUED)	YES	NO
Do you need to set aside cash or make a plan to fund any income tax liability that may result from the wealth event?	<input type="checkbox"/>	<input type="checkbox"/>	Does the wealth event have a foreign source? If so, consider what reporting requirements must be met and additional tax obligations, etc.	<input type="checkbox"/>	<input type="checkbox"/>
Do you plan to make any large expenditures in the near term? If so, consider holding adequate cash to fund the upcoming expenses.	<input type="checkbox"/>	<input type="checkbox"/>	Are there any conditions that must be met to keep the new financial interests?	<input type="checkbox"/>	<input type="checkbox"/>
Do you need to revisit your routine spending habits?	<input type="checkbox"/>	<input type="checkbox"/>	Do you have debts? If so, consider the following: » If you have credit card debt, pay off balances, prioritizing cards with higher interest rates. » If you have student loans, analyze your repayment options and the effect of paying off your balances in a lump sum. Reference “What Issues Should I Consider When Paying Off My Student Loans” checklist. » If you have a mortgage, compare the merits of paying it off in a lump sum, making increased monthly payments, or maintaining the status quo.	<input type="checkbox"/>	<input type="checkbox"/>
Are you able to save more? If so, reference “What Accounts Should I Consider If I Want To Save More?” checklist.	<input type="checkbox"/>	<input type="checkbox"/>	Did you receive a gift or inheritance of non-cash assets? If so, understand the cost basis of the assets in your hands, and the future tax consequences.	<input type="checkbox"/>	<input type="checkbox"/>
Will the increase in wealth affect any regular expenses that are tied to your income (e.g. tax, financial aid, student loans, Medicare costs)?	<input type="checkbox"/>	<input type="checkbox"/>	Have you made loans to family members? If so, consider the gift and income tax consequences associated with any forgiveness of payments or the loan balance.	<input type="checkbox"/>	<input type="checkbox"/>
ASSET & DEBT ISSUES	YES	NO			
Did you receive illiquid assets (e.g. notes, real estate, or interests in a private company)? If so, consider how to manage the assets and potential strategies for divestment and diversification.	<input type="checkbox"/>	<input type="checkbox"/>			
Did you receive cash? If so, consider how much you are willing to invest for long-term growth, and establish a sound investment strategy. Reference “What Issues Should I Consider When Reviewing My Investments?” checklist.	<input type="checkbox"/>	<input type="checkbox"/>			

WHAT ISSUES SHOULD I CONSIDER IF I EXPERIENCE A SUDDEN WEALTH EVENT? CONTINUED

INSURANCE PLANNING ISSUES	YES	NO	TAX PLANNING ISSUES (CONTINUED)	YES	NO
<p>Have your life insurance needs changed?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » If you put policies in place to replace your income or eliminate debt in the event of your untimely death, review how your newly-acquired assets might reduce these needs. » If your increase in net worth exposes you to federal and/or state estate taxation, explore using life insurance to fund your tax liability if your estate is illiquid. 	<input type="checkbox"/>	<input type="checkbox"/>	<p>Will the wealth event have capital gains tax character and consequences?</p> <p>If so, understand what capital gains rate applies to you, and consider harvesting losses to offset gains.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Does your wealth increase your exposure to lawsuits?</p> <p>If so, consider additional umbrella insurance protection.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Do you want to reduce your taxable income to minimize tax and stay below certain thresholds?</p> <p>If so, consider maximizing pre-tax contributions to retirement plans, contributing to an FSA and HSA, and making deductible charitable gifts.</p>	<input type="checkbox"/>	<input type="checkbox"/>
TAX PLANNING ISSUES	YES	NO	LONG-TERM PLANNING ISSUES	YES	NO
<p>Are you able to control the timing and terms of the wealth event?</p> <p>If so, review your payout options and consider booking transactions strategically across tax years to minimize the tax liability.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Is the wealth event significant enough to dramatically impact your financial position?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » Reevaluate your overall financial plan in light of your change in circumstances. » Make appropriate adjustments to your objectives, risk tolerance, time horizon, etc. » Adopt wealth preservation strategies that are tailored to your new situation. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Will the wealth event have ordinary income tax character and consequences (e.g. inherited traditional IRA RMDs, bonuses, severance pay, certain settlements)?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » If tax isn't withheld, reserve adequate cash to pay income tax, and make estimated payments, if necessary. » If you are on Medicare and the income increases your 2021 MAGI above \$88,000 (\$176,000 if MFJ), you may become subject to Part B and Part D surcharges in 2023. » If you have net investment income and the income increases your MAGI above \$200,000 (\$250,000 if MFJ), you may become subject to the NIIT. 	<input type="checkbox"/>	<input type="checkbox"/>	<p>Do you have children/grandchildren that will pursue higher education?</p> <p>If so, consider funding 529 accounts or an education trust to save for future educational expenses. See "What Issues Should I Consider To Fund My Child's Education?" checklist.</p>	<input type="checkbox"/>	<input type="checkbox"/>
			<p>Do you need to review and/or revise your estate plan?</p> <p>If so, provide your updated financial information to your attorney, and plan for the disposition and possible taxation of your estate at your death</p>	<input type="checkbox"/>	<input type="checkbox"/>

Continues On Next Page

WHAT ISSUES SHOULD I CONSIDER IF I EXPERIENCE A SUDDEN WEALTH EVENT? CONTINUED

LONG-TERM PLANNING ISSUES (CONTINUED)	YES	NO	OTHER ISSUES	YES	NO
<p>Do you want to make gifts to your family and friends? If so, gifts up to the annual exclusion amount of \$15,000 (per year, per donee) are gift tax-free.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Will your good fortune be publicized? If so, consider the following:</p> <ul style="list-style-type: none"> » If you won the lottery, you may be able to protect your privacy by claiming the winnings through an entity (e.g. a partnership or trust). Rules vary by state. » You may be targeted by fraud and scams. » Be prepared to address requests from friends and family members for financial assistance. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you charitably inclined? If so, the tax year of the wealth event might be a good time to make a large charitable gift. Direct gifts to charities or a donor advised fund or advanced strategies such as charitable trusts and private foundations can reduce your income tax liability and fulfill your philanthropic goals</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Do you need to increase protective measures? If so, consider whether physical or cyber security measures are warranted.</p>	<input type="checkbox"/>	<input type="checkbox"/>
			<p>Are there state-specific issues that should be considered?</p>	<input type="checkbox"/>	<input type="checkbox"/>

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