PHILADELPHIA ESTATE PLANNING COUNCIL

VOL. XXVIII, NO. 2 • WINTER 2019

President's Message

J.R. Burke

As we head into the heart of winter we also have reached the mid-point of the PEPC programming year. One of our goals this year was to provide some new and different speakers and topics for our members.

During the fall we had three excellent luncheon programs starting in September with Bill McNabb, Chairman of Vanguard, addressing how dramatically the landscape of financial advice has transformed in just a few decades. Bill also shared his perspective on how financial advice professionals can best position themselves for the future. In October, Steve Gorin presented multiple ideas on Strategic Planning for Business Owners After 2017 Tax Reform. In November, we were fortunate to have Chris Morton, Senior Vice President, Government Affairs, at the Association for Advanced Life Underwriting (AALU) provide us with a Washington update one week after the mid-term elections.

In addition to our luncheon events, we continue to offer our wonderful brownbag lunch events. These educational roundtable events are free and open only to our members. We hosted three roundtables in the fall and plan on having two more in the spring. Please check the website for dates and topics.

We also hosted numerous social events, highlighted by the Annual Holiday Celebration in early December at Union Trust. We had one of our highest turnouts for this event and a fun evening of comradery was had by all.

In early November, Vice President Scott Isdaner and I represented PEPC at the National Association of Estate Planners & Councils (NAEPC) Annual Conference in Ft. Lauderdale, Florida. Each year, in conjunction with the Annual Conference, the NAEPC provides one full day of education and leadership sessions for the board, officers, and staff of our affiliated local councils – known as Council Leadership Day. The majority of this day was dedicated to open roundtable discussions with leaders of councils of like size and focused on the operational, membership and programming aspects of the Council. There are several interesting aspects from this meeting that I'd like to report:

1. PEPC was presented the 2018 5 Star Award in the Extra-Large Council Category recognizing our achievement and success in the daily operation of our Council.
2. The themes were to ask ourselves: What is Estate Planning today? What has it been in the past? What will it be in the future and what are we going to do differently to remain viable and sustainable? The discussions and

continued on page 3

Estate Planning After The Tax Cuts and Jobs Act of 2017

Alan J. Mittelman, Esq. and Miguel D. Pena, Esq.

In December 2017, Congress did the near unthinkable. It passed the *Tax Cuts and Jobs Act of 2017* (the "Act") which, among other changes, raised the exemption from the federal estate, gift and generation skipping transfer taxes to $11,180,000 ($11.4 Million effective for decedents dying or making gifts in January 2019). Many estate planning practitioners have been left pondering, "Now what do I advise my clients?" Do we still want to make lifetime gifts to children? Are the old marital/credit trust plans with A/B trusts still the appropriate trust design?

While not exactly repealing the federal estate tax, with such a high exemption ($11.4 Million per person and $22.8 Million per married couple with portability), almost no one need fear the estate tax any longer. Unfortunately, these increases are currently scheduled to sunset at the end of 2025 which means the exemption may return to its pre-2018

continued on page 3

IN THIS ISSUE:

The New 199A Deduction	**6**
Term Insurance, Beyond the Pricing	**12**
Opportunity Zones	**14**
Welcome Back Party	**17**
Annual Holiday Celebration	**18**
Welcome New Members	**20**
Mark Your Calendar	**20**

PEPC OFFICERS AND DIRECTORS 2018 – 2019

OFFICERS

President
J.R. Burke, CLU, ChFC, CFP®
Perspective Financial Group, LLC
jrburke@pfg1976.com
610-854-0035

Vice President
Scott Isdaner, CPA, JD
Isdaner & Company LLC
sisdaner@isdanerllc.com
610-668-4200

Treasurer
Andrew J. Haas, Esq.
Blank Rome LLP
haas-a@blankrome.com
215-569-5479

Secretary
Eric Hildenbrand, CFA
Coho Partners
ehildenbrand@cohopartners.com
610-981-4444

Immediate Past President
Richard M. Schwartz
J.P. Morgan Private Bank
richard.m.schwartz@jpmorgan.com
215-640-3610

DIRECTORS

Term Expiring in 2019:
Rachel A. Gross, Esq., Jewish Federation of Gr. Philadelphia
Kevin Manning, CFP®, Stone Pine Financial Partners
James Revels, CPA, MST, Citrin Cooperman
Anthony Weiss, JD, LLM, CPA, Citi Private Bank

Term Expiring in 2020:
Christopher Borden, CFP, Stedmark Partners at Janney Montgomery Scott LLC
Jill R. Fowler, Esq., Heckscher, Teillon, Terrill & Sager, P.C.
Thomas R. McDonnell, Andersen Tax
Erin McQuiggan, Royer Cooper Cohen Braunfeld LLC

Term Expiring in 2021:
Jacklynn Barras, BNY Mellon Wealth Management
Stepanie Sanderson-Braum, Stradley Ronon Stevens & Young, LLP
Scott Lillis, Bessemer Trust
Josh Niles, Haverford Trust Company

NEWSLETTER CO-EDITORS

James Revels, CPA, MST, Citrin Cooperman, 215-545-4800 x 4161
jrevels@citrincooperman.com
Alan Weissberger, Esq., Hirtle Callaghan, 610-943-4229
aweissberger@hirtlecallaghan.com

UPCOMING EVENTS

LUNCHEON PROGRAMS

The Union League of Philadelphia
140 South Broad Street
Philadelphia, PA 19102
www.unionleague.org

11:45 a.m. – 12 p.m.	Registration
12 – 12:30 p.m.	Luncheon
12:30 – 1:45 p.m.	Program

2019 Luncheon Program Dates
Tuesday, February 19, 2019
Tuesday, March 19, 2019

ANNUAL MEETING, SEMINAR & RECEPTION

Thursday, May 16, 2019
3:00 – 3:30 p.m. Registration
3:30 – 6:00 p.m. Council Remarks & Program
6:00 – 8:00 p.m. Reception & Venue Access
National Museum of American Jewish History
101 S. Independence Mall East
Philadelphia, PA 19106

ANNUAL GOLF & TENNIS OUTING

Monday, June 24, 2019
12:30 p.m. Golf Tee Time
2:30 p.m. Tennis Round Robin
The Union League Golf Club at Torresdale
3801 Grant Avenue
Philadelphia, PA 19114

Please register at www.philaepc.org.

President's Message continued

viewpoints around these question were diverse and interesting and Scott and I have brought these questions back to our board for further discussion.

3. Both of us were encouraged by how many things we are doing well as a council, when compared to other councils around the country.

We have two luncheon meetings, the Annual Meeting and the Annual Golf and Tennis Outing, remaining before we break for the summer. I encourage you to attend all of these if your schedule allows.

- On Tuesday, February 19, Philadelphia area native Donna Trammell, Director of Family Wealth Stewardship at Bessemer Trust, will return home to present timely and thought provoking ideas on the impact of wealth on client's children and grandchildren, and how and when to start preparing them.
- On Tuesday, March 19, Kurt Czarnowski, the Social Security Administration's former Regional Communications Director for New England, will provide a wealth of information about when someone can start to collect, how a retirement benefit is calculated, the claiming strategies that couples have been able to employ in order to maximize their Social Security benefits and the impact of working in retirement.
- On Thursday, May 16, we will have our Annual Meeting, Seminar & Reception from 3:00 PM - 8:00 PM at the National Museum of American Jewish History (101 S. Independence Mall East). We have an exciting panel of three ACTEC Members. PEPC Council member Steven K. Mignogna, Esq. of Archer & Greiner P.C. will lead a discussion with Terrence Franklin of Sacks, Glazier, Franklin & Lodise and Robert W. Goldman, Esq. of Goldman Felcoski & Stone P.A. They will discuss seven novel claims that have been recently litigated in the estate and trust areas. We anticipate that this program will be very popular and will sell out, so make your reservations early. Sponsorships are still available for this event, so if you would like to take advantage of a great opportunity to get your branding message out to the numerous attendees of the Annual Meeting, please contact our Sponsorship Committee, co-chairs Bill Haines, Scott Lillis or Erin McQuiggan

One of our most popular social events, the Annual Golf and Tennis Outing, will be returning by popular demand on Monday, June 24, 2019, to The Union League Golf Club at Torresdale. Registration for this event is also likely to sell out, so if you are interested in attending, register now on our website, www.philaepc.org .

Lastly, I encourage every member to join a committee and get directly involved. The success and strength of the Philadelphia Estate Planning Council comes from our excellent membership and the hard work of all of our volunteers.

Estate Planning continued

level of $5.5 Million per person and $11 Million per married couple.

This article will review a number of estate planning issues that should be addressed and provide possible solutions to the new estate tax world in which we live. The article is divided into three parts: (i) designing estate documents that are effective both with the new tax law and also if there is a reversion to the old law in 2025, (ii) examining and fixing existing estate documents and (iii) gift planning.

I. Income Tax Issues and New Uses for the QTIP Marital Trust

Perhaps the biggest conundrum faced by estate planners when the exemption was increased to $5 Million in 2010 was how to preserve the step up in basis under I.R.C. §1014 while minimizing estate taxes. With combined federal and state income taxes exceeding 40% in certain states, income taxes may be more of a problem for high net worth families than the estate tax (40% plus any state inheritance tax). With almost no one having to worry about the federal estate tax, planners should be focusing on minimizing income taxes which generally means protecting the step-up in basis at the death of both spouses. The surviving spouse would like to get a step-up in basis on all assets inherited from the first spouse to die, and then the children getting a second step-up when their mother or father later dies.

This is pretty simple to achieve if one leaves all of the family assets to the surviving spouse at the first spouse's death, the classic "I love you will" (the "ILUW Plan"). The spouse will get a step-up in all the assets left to him/her (exceptions are annuities and retirement plans and other income in respect of a decedent property and installment notes). Then the survivor will own all the assets when he/she later dies which get a second step-up at that time. There is unlikely to be any estate tax at the second spouse's death, because the spouse will have his/her own $11.4 Million exemption and also the unused exemption of the first spouse to die (referred to as the "portable exemption"). But, there are problems with such a plan. First, the current exemption may revert back to a substantially lower level. With the state of politics and the ballooning federal deficit, future taxation is at best uncertain. Second, there is total loss of control over the assets. If the surviving spouse remarries, he/she will have unlimited control over the disposition of the "family" assets. Third, if there is a plan to leave assets in trust for the children after the second spouse

continued on page 4

Estate Planning continued

dies and then have the assets pass on to grandchildren, the generation skipping transfer tax (the "GSTT") may become a problem at the second death. This is because the portable exemption does not apply to the GSTT.

For example, assume an estate of $22.8 Million. If all the assets are left outright to the surviving spouse, the spouse will have his/her own exemption of $11.4 Million and the deceased spouse's unused exemption of $11.4 Million (the "portable exemption") for a total of $22.8 Million. However, when the second spouse dies and tries to leave the remaining assets in a generation skipping trust, there will only be $11.4 Million of GSTT exemption to allocate to the trust. This means that $11.4 Million of the $22.8 Million will be subject to the GSTT. At 40% GSTT, this means a potential GSTT of over $4.5 Million.

What is a QTIP? A QTIP addresses these issues very well. A QTIP is a special form of marital trust under which the surviving spouse must be paid all of the net income of the QTIP each year. There can be no other beneficiary besides the surviving spouse during the spouse's lifetime. The spouse also can be paid additional amounts for health, maintenance and support. If the trust has these requirements, then it will qualify for the unlimited marital deduction, resulting in no federal estate tax at the first death. The assets payable to the QTIP will get a step-up in basis. When the surviving spouse later dies, the entire QTIP will be included in his/her taxable estate which means that the assets in the QTIP will get the second step-up at that time. So far, so good. Any appreciation in the QTIP assets during the surviving spouse's life will get a new cost basis and can be sold without any capital gain tax. The result – no income tax on the assets in the estate and no federal estate tax if the value of the QTIP and the surviving spouse's assets are less than the $11.4 portable exemption from the first spouse and the exemption of the surviving spouse. Not bad!

However, if the estate plan includes generation skipping gifts (either outright gifts to grandchild or gifts in trust for children that will eventually pass to grandchildren when the children later die), there still may be a GSTT problem. The survivor's estate will only have one GSTT exemption to use just like in the ILUW scenario, because the GSTT exemption is not portable. One either uses it at the first death or loses it (just like the estate tax exemption in the days before portability). Fortunately, there is a special rule for QTIPs called a Reverse QTIP election (I.R.C. §2652) which permits a QTIP to be divided into two separate trust shares, with the executor allocating the unused GSTT exemption of the first spouse to die to one of the trust shares. In this way, the family still gets to use two GSTT exemptions of $11.4 Million which will avoid the problem of the ILUW Plan discussed above. This cannot be done with the ILUW Plan.

Besides these GSTT saving benefits, leaving assets to a QTIP provides all the traditional benefits of leaving assets in trust: creditor protection and assuring that the family estate plan is respected during the surviving spouse's lifetime and at his/her death. Plus, using a QTIP adds considerable flexibility to the estate plan. Because of the unpredictability of future estate tax law, minimizing estate taxes may become paramount again. This is when flexibility may save the day. For example, Congress could repeal the step-up in basis. One may remember the carryover basis rules we suffered through in 2010. It could happen again if Congress needs tax revenue. In that case, one may wish for the old marital trust/credit trust formula that carved out the federal exemption amount at the first death and put it into a by-pass trust. The by-pass trust was not subject to federal estate taxes at either the first spouse's death or at the second spouse's death. All growth of assets at the second death avoids estate taxes at that time. But all is not lost. The same procedure that permits division of a marital trust into two separate shares now can be used to divide the QTIP into two shares, a B share exactly equal to the federal exemption and an A share receiving the balance of the estate. The executor does not have to make a marital deduction election for the B share. Thus the old format easily can be resurrected at the first spouse's death.

This is not much different than leaving an ILUW Plan with a disclaimer trust, a plan design favored by many estate planners. If the will has a contingent disclaimer trust built into it, then the surviving spouse will have the option of accepting all of the assets or making a disclaimer of a portion of the estate equal to the federal exemption. The net result will be the same – IF THE SURVIVING SPOUSE UNDERSTANDS WHAT NEEDS TO BE DONE AND IS WILLING TO MAKE THE DISCLAIMER. The author's experience is that convincing a spouse to make a disclaimer is problematic at best. Often the spouse will prefer to have complete control of the assets and will not make the disclaimer even if it will benefit the children in the long run. Or just as likely, the spouse will not understand the significance of making the disclaimer, or the technical disclaimer requirements, and won't make the decision.

For spouses who like this tax planning but do not like giving up control of the assets which will be held in trust, there is an answer. The spouse can be sole trustee of the QTIP. For advisors who do not like to trust the surviving spouse to be trustee,

continued on page 5

Estate Planning continued

think of the alternative. If the family chooses the ILUW Plan, then the spouse will have outright ownership and control of all the family assets. The spouse as trustee is a very reasonable approach for most families.

In conclusion, it would seem that the traditional reasons for the marital/credit trust design have been replaced by the QTIP design for many estates. Typical reasons for the credit trust were to let one trust (the B trust) grow by not making distributions to the spouse during the spouse's remaining lifetime. But with the new $11.4 exemption per spouse, this is unlikely to be meaningful except in very large estates.

A good reason to retain the B trust could be when the surviving spouse is likely to remarry. Then it is possible to lose the first spouse's "unused exemption" if the new spouse dies before the surviving spouse. The surviving spouse's estate then will get the "unused exemption" of the new spouse which can be significantly lower or even zero. However with the new higher exemption and the fact that it is indexed, this is not likely to present a serious problem for most people. However, if it is viewed as a problem, then the executor can do the QTIP division and preserve the first spouse's exemption by using it at the first spouse's death. And since the money will be in trust no matter what the executor decides, the likelihood of a smart decision to use the B trust is greater than if the family was using an ILUW Plan.

When choosing the new QTIP design, it is important for the executor and trustee to have the power to divide the trust without court approval. Alternatively, a trust may have a trust protector provision giving one or more people the power to make certain elections for the trust (e.g., to divide the trust into an A trust and a B trust). Then the surviving spouse may not be the person who has to make the decision. The idea should be to make any of the trust divisions described above simple and inexpensive.

II. Fixing Older Estate Plans

What if a client already has an estate plan that includes a marital/credit trust format? The documents may work just fine without any change. If the B trust has the same provisions as are required for a QTIP trust, then all the executor has to do is make an election to qualify to B trust for the marital deduction. However, sometimes the B trust has provisions which will not permit it to qualify as a QTIP.

Some B trusts do not require the income to be distributed to the surviving spouse each year. Instead, the terms may permit the trustee to accumulate income and make discretionary distributions instead (e.g., distributions for health, maintenance and support). This trust will not qualify for the marital deduction and cannot be a QTIP. Or the trust may have other potential beneficiaries. Sometimes trusts are drafted to give the trustee discretion to pay income and/or principal to the decedent's children. Such a trust also will not qualify for the marital deduction.

In such cases, the estate plan will have to be redrafted with the appropriate QTIP provisions (unless the family prefers such a plan for its own good reasons). But what if the spouse whose document needs to be changed is incapacitated or just died? It still may not be too late to fix such a trust.

Pennsylvania, like many other jurisdictions, has adopted a version of the Uniform Trust Code which permits the modification of trusts either (i) by the trustee and beneficiaries through a non-judicial settlement agreement if the modification is not inconsistent with a material purpose of the trust (20 Pa. C.S. §7710.1) or (ii) by the settlor and all beneficiaries even if the modification is inconsistent with a material purpose of the trust (20 Pa. C.S. §7740.1) Pennsylvania law also authorizes the modification of irrevocable trusts with court approval and specifically authorizes modification of irrevocable trusts in order to achieve a settlor's tax objectives (20 Pa. C.S. §7740.6). So if the family and its advisors act quickly and with unity, it may be possible to change an existing trust to satisfy the requirements of the QTIP rules.

If the deceased spouse died a number of years ago and the trust already has come into existence as a B trust that did not qualify for the marital deduction, the family may want to consider terminating the trust and distribute all of the trust assets to the surviving spouse (assuming he/she is eligible to receive the assets upon termination). The trust may have a provision that provides an easy method of terminating the trust without court approval. If it does not have such a provision, then it still may be possible to terminate the trust with court approval. (20 PA C.S. §7740.4).

When considering whether to modify or terminate an existing B trust for which a decision was made not to prepay inheritance tax under Section 2113 of the Pennsylvania Inheritance and Estate Tax Act (72 P.S. §9113(a)), planners should keep in mind that the Pennsylvania Department of Revenue has adopted a statement of policy (61 Pa. Code § 94.3) indicating that if a trust is terminated non-judicially under Pa. C.S. §7710.1 without requesting a Future Interest Compromise (Form REV-1647 Schedule M), Pennsylvania will reserve the right to assess Pennsylvania Inheritance Tax against the assets of the trust valued as of the date of termination. Planners

continued on page 6

Estate Planning continued

should consider whether to proceed with a judicial modification or termination pursuant to Pa. C.S. §7740.4 or §7740.6 (rather than non-judicially under Pa. C.S. §7710.1 or § 7740.1), or make sure to timely submit a request for Future Interest Compromise.

III. To Gift or Not to Gift

Traditional Gifts - For many years, conventional wisdom held that clients should gift assets during their lifetimes in order to remove the value of those assets, and (hopefully) the future appreciation in the value of those assets, from the clients' taxable estates in order to avoid federal estate tax. In some cases, assets gifted during lifetime might also be discounted giving extra leverage. The reasoning behind the conventional wisdom is that even though the gifted assets have a carry-over basis in the hands of the donee, future capital gains would be taxed at a rate far lower than the federal estate tax rate. However, with the increase in the federal estate exemption, federal estate tax will not be an issue for most clients. Also, with the IRS making it much more difficult to obtain discounts on gifts, planning tools like family partnerships have lost much of their luster. Therefore, it may be more prudent for clients to retain their low-basis assets rather than transfer them during lifetime in order to maximize the step-up in basis.

Gift with Strings - If a client is determined to make lifetime gifts in trust of low-basis assets, it is possible to transfer the property in such a way that the gift still will be included in his/her estate for federal estate tax purposes even though the income is paid out each year to other beneficiaries. This can be done by the client retaining certain powers that bring the trust back into his/her estate when the client dies (e.g., a retained limited power of appointment). And if the trust is set up as a grantor trust, the client may be able to do a tax free exchange of assets with the trust to get back low basis assets before dying.

Gifts to Older Generation. If neither federal estate tax nor generation-skipping transfer tax is an issue for a client who owns low-basis assets, the client can transfer such assets to an individual in an older generation (e.g., a parent) who has a shorter life expectancy than the client. When the parent dies, there will be a step-up basis and the client will inherit the assets back from the parent. Such a transfer could be made to a trust in such a way that the asset would be included in the older individual's estate for federal estate tax purposes and, provided that donee survives one year from the date of the gift, upon death the gifted assets would receive the step-up in basis.

In conclusion, it is a new world for estate planning. One believes that using a QTIP Marital Trust can solve many of the problems faced by our wealthier clients. New tax law brings new opportunities and leaving an old estate plan alone may be a significant mistake.

Alan Mittelman, Esq., is a Member of Spector Gadon Rosen & Vinci, P.C. in Philadelphia, PA. Alan is a former president of the Philadelphia Estate Planning Council.

Miguel D. Pena, Esq., is an associate of Spector Gadon Rosen & Vinci, P.C. in Philadelphia, PA. He formerly was chairman of the Delaware State Probate and Trust Committee.

The New 199A Deduction for Qualified Business Income and its Application to Trusts and Estates

Michael A. Breslow and Patrick A. Russo

I. Introduction

The 2017 Tax Act introduced §199A to the Internal Revenue Code of 1986, as amended (the "Code"). In general, §199A grants taxpayers a deduction of up to 20% of the qualified business income of pass-through businesses for tax years beginning after December 31, 2017, and before December 31, 2025. The §199A deduction is available to all non-corporate taxpayers, including trusts and estates, who are owners of a sole proprietorship, partners in a partnership, members of an LLC or shareholders in an S corporation.

For taxpayers whose income exceeds a certain threshold, the §199A deduction is subject to a number of limitations. Of specific interest to this article are those based on the taxpayer's share of the entity's W-2 wages and the unadjusted basis immediately after acquisition of all qualified property (referred to as "UBIA"). In the case of trusts and estates, the fiduciary income tax structure adds some complexity not experienced by individual taxpayers.

The general conduit fiduciary income tax system should be familiar to most practitioners. Income earned by a trust can be taxable to the trust, to the beneficiaries of the trust, or can be split between the two. The taxable income

continued on page 7

199A continued

from an entity is therefore shared between the trust and the beneficiaries. Generally speaking, income retained by a trust is taxable to the trust, and income distributed to a beneficiary is taxable to the beneficiary. Because the availability of the §199A deduction depends on the taxpayer's share of W-2 wages and UBIA, it is necessary that these tax attributes also be shared between trust and trust beneficiaries to apply the §199A deduction against the taxable income of the ultimate taxpayer—either the trust if the income is retained, or the beneficiary if the income is distributed.

The Code provides that the rules governing the allocation of W-2 wages and UBIA between the trust and the trust beneficiaries for §199A purposes will apply to trusts and estates in the same way that the deduction under former §199 (for domestic production activities) applied to trusts and estates. On January 18, 2019, the Internal Revenue Service issued Final Regulations under §199A which largely follow those under former §199 as to the application to trusts and estates, and also resolve some important issues left open by Congress.

Part II of this article will briefly summarize the §199A deduction and the pertinent limitations on taxpayers' eligibility to claim the deduction, and Part III of this article will summarize the application of the Regulations under §199A to several types of trusts that own pass-through entities (grantor trusts, non-grantor trusts and estates and for S corporations, QSSTs and ESBTs) for purposes of applying the W-2 wages and UBIA limitations.

II. Brief Summary of Section 199A

All taxpayers, except C corporations, are entitled to the deduction under §199A. As noted above, this includes trusts and estates. Section 199A(a) sets forth the deduction, and the rest of §199A contains important definitions and limitations, some of which are summarized below.

Section 199A Deduction

Section 199A(a) provides a deduction equal to the lesser of (i) the taxpayer's "combined qualified business income amount" and (ii) 20% of the taxpayer's taxable income, calculated without regard to net capital gain and without regard to the §199A deduction.

For the most part, §199A(a) sets forth a number of limitations that should be familiar or easily accessible to most practitioners. The new defined term is "combined qualified income amount," which is the term that does much of the "heavy lifting" for purposes of the §199A deduction.

Combined Qualified Income Amount

A taxpayer's "combined qualified income amount" is defined in §199A(b) as the sum of 20% of the taxpayer's "qualified business income" ("QBI") for each "qualified trade or business," plus 20% of qualified REIT dividends and qualified publicly traded partnership income. The calculation of QBI is the key component of a taxpayer's combined qualified business income amount.

Qualified Business Income

A taxpayer's QBI is defined in §199A(c) as the net amount of qualified items of income, gain, deduction and loss effectively connected with the conduct of a qualified trade or business within the United States and included or allowed in determining taxable income for the taxable year. QBI does not include short-term or long-term capital gain or loss, dividend income, interest income not related to trade or business, reasonable compensation paid to the taxpayer for services rendered with respect to the business, guaranteed payments to a partner for services rendered to the trade or business, and REIT dividends, qualified cooperative dividends or qualified publicly traded partnership income (which are taken into account in separate inclusion/deduction provisions).

The Code makes clear that a taxpayer's QBI must be "with respect to" a "qualified trade or business" in order to be eligible for the §199A deduction. What constitutes a "qualified trade or business," however, can change depending on the amount of taxable income of the taxpayer.

Qualified Trade or Business

A "qualified trade or business" is defined in §199A(d) as any trade or business other than (1) a specified service trade or business or (2) the trade or business of performing services as an employee.

Note, however, that the definition of a "qualified trade or business" can change based on the taxpayer's taxable income. For taxpayers with taxable incomes below a certain threshold amount, a trade or business will be a "qualified trade or business" even if it is a specified service trade or business. For taxpayers with taxable incomes above the threshold amount but below a phase-in amount, the limitation is phased in ratably. Once the upper limit phase-in amount is reached, QBI from a specified service trade or business is fully excluded from the definition of QBI. In all events, however, every taxpayer remains subject to the rule that the trade or business of performing services as an employee is not a "qualified trade or business."

Deductible Amounts

For taxpayers with taxable income below the threshold amount, such taxpayers can simply multiply QBI by 20% to determine the deductible amount. No additional limitations are imposed.

continued on page 8

199A continued

For taxpayers with taxable income above the threshold amount, the combined qualified income amount is essentially the sum of the deductible amounts from each qualified trade or business of the taxpayer. The "deductible amount" for each trade or business is the lesser of:

(a) 20% of the QBI with respect to the trade or business, or

(b) the greater of (i) 50% of the taxpayer's share of W-2 wages from the qualified business, or (ii) the sum of 25% of the taxpayer's allocable share of W-2 wages plus 2.5% of unadjusted basis of all qualified property.

W-2 Wages and Share of UBIA Limitation

Similar to the treatment of specified service trades or businesses for purposes of the QBI definition, the limitations pertaining to the taxpayer's share of W-2 wages and UBIA are phased in based on the taxpayer's taxable income. The Regulations provide that the individual or relevant pass-through entity that directly conducts a qualified trade or business must determine and report each taxpayer's share of W-2 wages and basis of qualified property with respect to such qualified trade or business. With respect to trusts and estates, Congress provided that the taxpayer's share of W-2 wages and the taxpayer's share of UBIA are to be allocated between the trust and the beneficiary, pursuant to "[r]ules similar to the rules under section 199(d)(1)(B)(i) (as in effect on December 1, 2017)."

Section 199 related to the deduction for domestic production activities and was subject to limitations at the taxpayer level with respect to the taxpayer's share of W-2 wages of the entity, similar to the rules under new §199A described above. With respect to trusts and estates, Congress mandated in §199(d)(1)(B)(i) that the Treasury promulgate regulations for allocating such items between the trust/estate and the beneficiary. As noted above, the IRS issued Regulations that clarified some key points not addressed in the regulations under former §199.

The following part will summarize how W-2 wages and UBIA are allocated between a trust or estate and the beneficiaries under these Regulations.

III. Section 199A Applied to Trusts and Estates

There are several types of trusts that can own interests in pass-through entities such as partnerships and S corporations, including grantor trusts, Qualified Subchapter S Trusts (QSSTs), Electing Small Business Trusts (ESBTs), and non-grantor trusts/estates.

Grantor Trusts/Qualified Subchapter S Trusts

For grantor trusts, and qualified subchapter S Trusts (QSSTs) for which the beneficiary is treated as the owner under §678, the Regulations create a fairly simple rule. The person treated as the owner of the pass-through business owned by the trust, whether a grantor or another person, computes its §199A deduction as if he or she conducted the activity of the trust directly, with respect to the portion of the trust that such person is considered to own.

Therefore, pursuant to the old §199 regulations and the Regulations under §199A, the grantor of a grantor trust, or the QSST beneficiary with respect to a QSST, is treated as the owner of the pass-through entity interest that is owned by the trust. Accordingly, there is no need to allocate the tax items between the trust and the beneficiary for these types of trusts. The share of W-2 wages and UBIA are all fully allocated to the grantor/QSST beneficiary.

Electing Small Business Trusts

An Electing Small Business Trust (ESBT) is a permissible shareholder of an S corporation. An ESBT is taxed pursuant to rules set forth in §641(c). These rules provide that any portion of an ESBT that consists of stock of an S corporation is treated as a separate trust from the portion of the trust that owns other assets. Section 641(c)(2)(C) provides that "[t]he only items of income, loss, deduction, or credit to be taken into account are . . . [t]he items required to be taken into account under section 1366," which are the income items passed-through from the S corporation to the shareholder and reported to the shareholder on the shareholder's K-1.

Section 199 and the regulations thereunder did not specifically address ESBTs. Prior to the issuance of the proposed and now Final Regulations under §199A, it was not entirely clear whether the §199A deduction would be available to an ESBT. The Regulations removed these lingering doubts, however, by providing that an ESBT is entitled to the §199A deduction. The availability of the deduction to ESBTs is important, as the income tax on the S portion of an ESBT is imposed at the highest marginal income tax rate applicable to trusts and estates (currently 37%). If the ESBT qualifies for the §199A deduction, the effective income tax rate may be reduced to 29.6%.

The Regulations provide that the S portion of the ESBT must take into account the QBI and other items from any S corporation owned by the ESBT, and that the ESBT portion of a trust would be attributed all W-2 wages and UBIA of the S corporation. The Regulations also provide that the grantor portion of the ESBT must take into account the QBI and other items from any assets treated as owned

continued on page 9

199A continued

by a grantor or another person (owned portion) of a trust under §§671-679, and the non-S portion of the ESBT must take into account any QBI and other items from any other entities or assets owned by the ESBT. Therefore, the grantor would be attributed any W-2 wages and UBIA treated as owned by the grantor (as discussed above), and the non-S portion of the trust would allocate W-2 wages and UBIA among the trust and beneficiary in the same manner as a non-grantor trust, as described below.

Non-Grantor Trusts and Estates

The application of §199A will be more complicated for non-grantor trusts and estates that own interests in pass-through entities. As a starting point, the §199A deduction is calculated at the entity level, and is then allocated between the trust and beneficiaries. The §199 regulations and Regulations under §199A provide, generally, that the key metric for allocating W-2 wages between the trust/estate and the beneficiaries is the trust/estate's distributable net income ("DNI"), as determined under §643, that is distributed or required to be distributed to the beneficiaries during the taxable year. The Regulations under §199A set forth the following rule, which is substantially identical to the rule described in the 199 regulations:

The…W-2 wages [and share of UBIA]… of a trust or estate are allocated to each beneficiary and to the trust or estate based on the relative proportion of the trust's or estate's distributable net income (DNI), as defined by section 643(a), for the taxable year that is distributed or required to be distributed to the beneficiary or is retained by the trust or estate. For this purpose, the trust's or estate's DNI is determined with regard to the separate share rule of section 663(c), but without regard to section 199A…

The above-quoted regulation clarifies three important points regarding the application of the §199A deduction to trusts/estates:

1. The W-2 wages and the taxpayer's share of UBIA reported to the trust/estate from the pass-through entity will be allocated between the trust/estate and the beneficiary based on the distributable net income "distributed or required to be distributed to the beneficiary." In other words, these tax attributes will be allocated between the beneficiaries and the trust/estate on a pro-rata basis based on the DNI distributed to the beneficiaries. Further, it is immaterial whether the trust/estate's income from the pass-through entity is included in the amount distributed to the beneficiaries. The ultimate calculation of DNI and the allocation between the trust/estate and the beneficiaries are the key considerations.

For trusts/estates, there is often a disconnect between fiduciary accounting income required to be distributed to the beneficiaries and the taxable income from pass-through entities. Under the principal and income laws of most states, only amounts distributed to the estate/trust from the pass-through entity will be included in the estate/trust's fiduciary accounting income; however, the taxable income of the estate/trust is calculated based on the estate/trust's proportionate share of the pass-through entity's taxable income. If an entity passes through taxable income to a trust or estate, but does not distribute cash to the trust or estate, the trust/estate will have taxable income but will not have fiduciary accounting income. All of the DNI might be allocated to the beneficiary, but the DNI is not composed of the business income. The trust or estate would be responsible for paying the income tax on the pass-through entity income. Therefore, the W-2 wages and UBIA might be allocated to the beneficiary, and the estate/trust might have its §199A deduction reduced or eliminated as a result.

2. The estate or trust's DNI will be calculated without regard to the §199A deduction for purposes of determining the allocation of §199A tax items to the trust and the estate.

3. If the estate or trust has no DNI in a given year, then the W-2 wages and the taxpayer's share of UBIA will all be allocated to the trust/estate. Relying upon DNI for the allocation of tax attributes for purposes of the §199A deduction could lead to problematic results, particularly because DNI can be zero in certain circumstances (e.g., as a result of a charitable distribution deduction). In that scenario, the Regulations provide that the share of W-2 wages and UBIA will be allocated to the trust/estate. However, a beneficiary could be required to include QBI in his or her gross income from the trust/estate as a result of a distribution from the entity that is included in fiduciary accounting income, but the beneficiary's §199A deduction could be limited or eliminated altogether because the beneficiary would receive no benefit of the estate/trust's share of the W-2 wages or UBIA. Ideally, this aspect of §199A will be addressed by additional guidance.

Estates with Fiscal Year Ending in 2018

As noted above, estates and trusts are obligated to report a beneficiary's share of QBI, W-2 wages and UBIA on a Schedule K-1 to the extent it passes out these items to the beneficiary (that is, a trust or estate becomes a "relevant pass-through entity"

continued on page 11

199A continued

to the extent these items pass-through). Because estates can elect a fiscal year, this can lead to interesting reporting requirements and considerations for an executor.

For instance, assume a decedent dies in 2017 owning an interest in a qualified trade or business that has a December 31 year end. The estate elects a first fiscal year end sometime in 2018. The estate receives a K-1 from the qualified trade or business for its taxable year ending on December 31, 2017, that will be reported on the estate's fiscal year return ending in 2018.

Understandably, the K-1 from the pass-through business does not report any QBI or related items, since §199A and its reporting requirements did not apply to the business in 2017. In fact, if the estate does not distribute income, the estate would not be able to take any §199A deduction because its taxable year began prior to the effective date of the 2017 Tax Act.

However, the Regulations provide that any income earned and reported to the beneficiary of the estate in 2018 qualifies for the deduction, since the beneficiary will be receiving and reporting such income on his or her 2018 income tax return. Since the estate will be distributing income that qualifies as QBI, the §199A Regulations seemingly impose on the executor an obligation to report the QBI amount (as well as the beneficiary's share of W-2 wages and UBIA) to the beneficiary. In other words, the estate may be required to report certain information to the beneficiaries that was not required to be reported to the estate.

If the executor is not involved in the business, this information may not be readily available. Given the lack of guidance with this issue, the executor should work with the business's tax and accounting professionals and use a reasonable method to determine the estate's and beneficiary's share of §199A items.

Anti-Abuse Rules for Trusts

As noted above, the §199A deduction is subject to various limitations if the taxable income of the taxpayer exceeds a certain threshold. To prevent taxpayers from creating multiple trusts with taxable income below the threshold amounts (so the limitations would not apply), the Regulations provide anti-abuse rules under §199A as well as under §643(f). The Regulations under §199A provide that multiple trusts "formed or funded with a significant purpose of receiving a deduction under section §199A will not be respected for purposes of section 199A." These provisions apply to taxable years ending after December 22, 2017.

The Regulations under §643(f) provide that "two or more trusts will be aggregated and treated as a single trust if such trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or beneficiaries, and if a principal purpose for establishing such trusts or for contributing additional cash or other property to such trusts is the avoidance of Federal income tax." The Regulations go on to provide that if a significant income tax benefit results from the creation of multiple trusts, income tax avoidance will be presumed unless there is a significant non-tax purposes for creating this trust. These provisions apply to taxable years ending after August 16, 2018.

IV. Conclusion

Practitioners' and planners' understanding of the deduction for pass-through business income under §199A is certain to evolve as they begin to understand its implications in 2018 and in coming years. The Regulations under §199A have been useful in illuminating certain aspects of §199A; however, it is likely that the application of the §199A deduction to trusts and estates will be a particularly challenging area of focus for some time.

Michael A. Breslow is a partner at Heckscher, Teillon, Terrill & Sager, P.C. in West Conshohocken, Pennsylvania. Michael's practice focuses on tax and estate planning, charitable planning, and trust and estate administration. Michael follows and writes about developments in the law in the United States and abroad pertaining to the international effort to combat money laundering and terrorist financing. He earned a J.D. from Temple University Beasley School of Law and an LL.M. in taxation from New York University School of Law.

Patrick A. Russo is an associate at Heckscher, Teillon, Terrill & Sager, P.C. in West Conshohocken, Pennsylvania. Patrick's practice focuses on tax and estate planning and trust and estate administration. He earned a J.D. from Widener University School of Law and an LL.M. in taxation from Temple University Beasley School of Law.

Term Insurance, Beyond the Pricing

Michael C. DeFillipo, CLU

On November 2, 2018, VOYA Financial announced that effective December 31, 2018, it will effectively exit the life insurance business by no longer offering the sale of new policies. As has been the case historically, VOYA made note that they will continue to honor the obligations for existing policy holders; while that means that death claims will be paid and premiums on inforce business collected, it does raise a question as to what options will be available for owners of term insurance when it comes to conversion.

Term insurance is the most basic form of risk transference in the life insurance marketplace. These policies provide pure insurance protection that pays a predetermined sum (death benefit) if the insured dies while the policy is active. All premiums paid are used to cover the cost of insurance protection. The "term" is the number of years the insurance carrier guarantees the premiums to remain level, most often 10, 15 or 20 years; after the expiration of the term period, the policy is renewable going forward, but the premiums are likely to increase dramatically.

Because of the simplicity and the cost-effectiveness of the coverage, term insurance is the most often sold coverage and is a major planning component for consumers from the very beginning stages of protection to high net worth individuals. In 2017, 2,366,679 term policies were sold for a total premium of $2,314,113,000.

When it comes to demonstrating the profitability (for the insurer) or ineffectiveness (to the consumer) of term insurance, the most commonly quoted industry statistic is that "less than 1% of all term policies result in a death claim." This analysis is incomplete, as several complicating factors, including the number of term policies that are replaced by lower cost term and/or the number of term policies that are converted to permanent insurance that results in a death benefit, may not be factored into the equation or represented in the data set correctly. That being said, based on experience, it is rational to assume the majority, if not the vast majority, of term policies will come and go without a claim being paid.

With guaranteed level premiums and the absence of equity build up, it is easy to make the assumption that all the products are same, and, as such, the purchasing decision should be based on the price per unit of coverage. The ability to convert term insurance to permanent coverage without the need for medical qualification is an extremely important, though often overlooked, component of selecting a term insurance provider.

Because of the cash flow advantages of term insurance, term is often the foundation of a life insurance portfolio, purchased by clients as the first line of protection against a premature death. Term insurance may be used in lieu of permanent coverage because of budgeting restrictions, uncertainty of the future of estate tax, business succession planning, or as a gateway to a more permanent solution in the future.

An unfavorable change in health – in which the insured cannot qualify for the same rates, or is denied coverage – is the most often catalyst for triggering a term conversion. Conversion may be the only option for once-healthy clients that experience an adverse health experience to continue coverage beyond the initial term period. Unexpected health changes may affect people of all ages, even the young, healthy population; I recently had the experience of representing a close family member in converting coverage for a client who survived breast cancer at 30 years old. By activating the "call option" on her preferred rates from only two years prior, we were able to implement a permanent insurance product at attractive rates that the insured could not achieve for many years, if ever.

Many clients and advisors remember when MetLife – one of the largest and most dominate names in the industry – made the decision to exit the individual life insurance business in early 2016. As part of the restructuring, MetLife seeded a new company, Brighthouse Financial, to administer the enormous block of inforce business. As part of the division of contracts, MetLife retained a portion of term policies, which are convertible to a single whole life contract, which, under the various scenarios our firm has looked at, does not price competitively versus underwritten products in the marketplace. For advisors, the carrier doesn't offer any sales support for conversion illustrations or application submission. Term policies recharacterized as Brighthouse are convertible to the PAUL product, which is generally used in the marketplace as an accumulation rather than death benefit focused product. One could come to the conclusion that MetLife/Brighthouse is honoring the contractual guarantee to make conversion available, but has designed the product and service model to limit the sales to only those insureds with no other options.

Brighthouse isn't alone in the availability of conversion options. Legal & General America, a combination of Banner Life and William Penn Life Insurance Company of New York, offers a single Universal Life policy for term conversions and new purchase. When operating separately,

continued on page 13

Term continued

Banner was consistently a competitive carrier from a pricing standpoint, which, after mergers and acquisitions, has resulted in a limited portfolio – a choice of one.

A current trend in term conversions is to bifurcate the available options after a certain period of time, e.g., a full product portfolio is available for first 7-8 years of a 10-year term contract, but conversion in the "out" years – when a conversion is most often elected – is limited to specific permanent designs. Other carriers, most notably TransAmerica, will limit both the amount of insurance convertible ($1,000,000 face amount maximum) and the products available by year. Several providers, such as Principal, will offer an extension rider that will push out the ability to convert through the entire duration of the level term period rather than for only for a portion of the period, e.g., seven of the 10-year level period. Based on underwriting class, this rider has a 7-10% increase in price. For a 43-year old male in the Preferred Non-Tobacco risk class, this takes the annual premium for $2,000,000 of 10-year level term from $1,120.03 to $1,219.32.

The language of the permanent product to which you can convert is something to be considered. For example, Nationwide contractually only has to offer Whole Life, but currently offers Whole Life, Variable Universal Life, Universal Life and Indexed Universal Life. As of the writing of this article, the only highly-rated carrier that contractually guarantees the ability to convert to the entire product portfolio (those available at the time of conversion) in Penn Mutual.

In conclusion, the process of obtaining term insurance should be an analysis beyond the pricing. Especially in

continued on page 14

Term continued

situations when term insurance is a bridge to future long-term permanent planning, consideration should be given to the value of having insurance on your future insurability. For clients with inforce term policies, the coverage shouldn't be treated as a "set it and forget it". Whether the original issuing provider has made changes to its position on conversions or not, recent developments in the marketplace, including the favorable pricing impact of the 2017 CSO table and advantageous changes to substandard risks, make it necessary for a term review to be conducted on a regular basis to confirm that the term insurance in place fits the clients needs now and into the future.

Michael DeFillipo is a 2004 graduate of Swarthmore College with a degree in Biology. He has over 12 years of experience in the insurance industry, joining 1847 Financial in August 2016. Currently, Michael holds Life Accident and Health, Series 65, 63, 6 and 7 Licenses. He received his Chartered Life Underwriter (CLU®) designation from The American College of Financial Services in 2017. Michael has been a speaker at several industry marketing events, focusing on the technical aspects of life insurance design and application.

Opportunity Zones – Investments with Tax Benefits

Alan E. Weissberger

Like a blockbuster movie promoted a year before its premiere, Opportunity Zones generated intrigue and anticipation long before any tangible product ever reached the market. The buzz is because investors can now delay and possibly reduce their capital gain tax liability, thanks to the Tax Cuts & Jobs Act of 2017. The new legislation, called the Investing in Opportunity Act, allows for favorable tax treatment of capital gains (both short-term and long-term) invested into designated opportunity zones. On October 19, 2018, the IRS issued some proposed regulations on opportunity zones that help clarify many outstanding issues related to the new legislation.

The program aims to spur long-term private sector investments in low-income communities nationwide. Investors in qualified funds can take advantage of federal tax benefits in exchange for their contribution to economic growth and investment in troubled regions.

The Funds may only be invested in neighborhoods designated by federal and local lawmakers as "Opportunity Zones" based on a combination of U.S. Census Bureau income data and state and local input. Opportunity Zones have been designated in all 50 states, five territories, and Puerto Rico (a listing of the designated Opportunity Zones can be found at https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx).

Direct investment into individual projects can be done but it is expected that most investors will participate through a Qualified Opportunity Zone Fund ("QOF"). With trillions of dollars in unrealized capital gains currently sitting on the sidelines, the Opportunity Zone Program is intended to encourage investors to realize those gains and reinvest them on a tax-deferred basis into a QOF. QOFs are private sector investment vehicles that invest at least 90 percent of their capital in Opportunity Zones. Investments cannot include liquor stores, golf courses, country clubs, massage parlors, tanning salons, hot tub facilities, racetracks, or other facilities used for gambling. These funds may only be invested in businesses and real estate within the 8,700 Opportunity Zones established throughout the country.

In return, investors in QOFs realize three main tax benefits:

I. A temporary tax deferral for capital gains (both short-term and long-term) reinvested in an Opportunity Fund. Any capital gains reinvested into a QOF within 180 days of realization are not taxed until December 31, 2026.

The deferred gain must be recognized on the earlier of the date on which the Opportunity Zone investment is sold or December 31, 2026.

II. Potential reduction - The reduction benefit provides investors a step-up in basis. On December 31, 2026, taxes on the original deferred gain come due and are reduced based on the holding period of the qualifying fund. If the investment is held for five years, 10% of the original gain is eliminated. If it is held for seven years, an additional 5% is eliminated. In total, the reduction benefit allows investors to potentially exclude up to 15% percent of the original gain from taxation.

III. Permanent exclusion of capital gains tax on sale or exchange of QOF investments held at least 10 years - Any capital gains generated from QOF investments are exempt from taxation, so long as the investment is held for at least 10 years and the gain is realized prior to January 2048 (Note: this exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains).

There is not a statutory limit to the amount of assets that a taxpayer can invest in a QOF. However, only the invested gain is eligible for the special tax benefits. A taxpayer can invest more than the gain realized (i.e., the entire sale proceeds) but the tax benefits are only available with respect to an

continued on page 15

Zones continued

investment made with deferred gain. If the taxpayer invests both deferred gain and other assets, the investment is treated as two separate investments, one to which the tax benefits apply and one to which the tax benefits do not apply. It's also important to note that not all states conform to the federal tax laws and certain states may continue to tax on capital gains and not recognize the deferral.

Regardless of the tax benefits, investors will need to evaluate alternative strategies and each Opportunity Zone opportunity carefully before investing. Simply holding onto existing assets postpones taxes and offers a step-up in basis if held until death. In contrast, QOFs do not step-up at death. Tax advantaged investing is only attractive if the underlying investments appreciate in value at an attractive after tax rate. Product offerings are still in the developmental stages and most offerings will be primarily focused on real estate investing. Due to the regulation's requirement for ground-up development or substantial property improvement, opportunistic real estate investment companies with deep expertise and strong track records are uniquely positioned to capitalize on this new program.

Alan E. Weissberger is the Senior Tax and Estate Planning Solution Specialist at Hirtle Callaghan Co., America's First Outsourced Chief Investment Officers®

September Luncheon Program

Sponsored by:

Vanguard®

Claire McCusker (sponsor), J.R. Burke (PEPC President), William McNabb (speaker) and Ryan Gager (sponsor)

October Luncheon Program

Sponsored by:

HECKSCHER TEILLON TERRILL & SAGER, P.C.
PERSONAL, TRUST & ESTATE LAW

John Terrill (sponsor), J.R. Burke (PEPC President), Steve Gorin (speaker) and Jill Fowler (sponsor)

November Luncheon Program

Sponsored by:

Penn Mutual

Michael Dunne (sponsor), Chris Morton (speaker), J.R. Burke (PEPC President), Brian Olenick (sponsor)

January Luncheon Program

Sponsored by:

GLENMEDE
INVESTMENT AND WEALTH MANAGEMENT

Melinda Rath (sponsor), Huldah Robertson (sponsor), J.R. Burke (PEPC President), Bruce DeBoskey (speaker) and Susan Mucciarone (sponsor)

Since 1994, Heckscher, Teillon, Terrill & Sager has provided legal services in a personalized setting for –

- Individuals, families and small businesses, including sophisticated estate, tax and business succession planning
- Charitable planning and representation
- Estate and trust administration
- Guardianships of minor and incapacitated persons
- Litigation involving estates, trusts and guardianships
- Asset protection planning
- Other fiduciary related services

HECKSCHER TEILLON TERRILL & SAGER, P.C.
PERSONAL, TRUST & ESTATE LAW

(610) 940-2600
100 Four Falls, Suite 300
West Conshohocken, PA 19428

www.htts.com

Welcome Back Party

Sponsored by:

The annual Welcome Back Party was held on September 12, 2018, at the Pyramid Club. Attendees enjoyed cocktails and hors d'oeuvres while overlooking the city of Philadelphia at sunset. Thank you to Cincinnati Insurance for sponsoring the event!

Laura Weiner, Joseph Stoll and Mary LeFever

PEPC Officers Andrew Haas, J.R. Burke and Eric Hildenbrand

Bode Hennegan, Jeff Webb and Andrew Klazmer

Morris Gocial, Alan Mittelman and Skip Massengill

Attendees enjoying the Welcome Back Party

Michael DeFillipo, Keith Ehinger and William Pietrangelo

Annual Holiday Celebration

Sponsored by:

DOYLE

The 2018 Holiday Celebration was held at Union Trust located on Chestnut Street. Over 100 attendees enjoyed an open bar, hors d'oeuvres and food stations. Thank you to DOYLE for sponsoring this event!

J.R. Burke, Jill Bowers from DOYLE and Bill Haines

Richard Bell, Melinda Rath and Albert Gibbons

Beverly Bernstein Joie, Stuart Katz, Taylor Smith and Rebecca Roskey Brunner

Eric Moore, Katherine Cuomo and Lisa Mittelman

Julian Scott, Benjamin Rodgers and William Pietrangelo

Overlooking the PEPC Holiday Celebration

ANNUAL HOLIDAY CELEBRATION

Thank you to the following companies for donating door prizes:

Andersen Tax
Blank Rome
Coho Partners
EisnerAmper
Freeman's
Friedman
Glenmede
Highland Capital
HUB - Personal Insurance
Life Managers
Material Culture
Oppenheimer
Pennsylvania Trust
Prospective Financial Group
Stedmark Partners at Janney Montgomery
Scott
Stone Pine Financial
Value Management, Inc.
Wells Fargo

The Philadelphia Estate Planning Council Welcomes New Members

October, November 2018 and January 2019

Brandon Baker	Friedman, LLP
Joseph Bell	Citi Private Bank
Joseph Blair	Financial House/Lincoln
Rachel Catto	Glenmede Trust Company, N.A.
Andrew Corbett	Main Line Group Wealth Management
Amanda DiChello	Cozen O'Connor
Douglas DiSesa	J.P. Morgan
Karen Fahrner	Heckscher, Teillon, Terrill & Sager, P.C.
Lindsay Faulstich	Siegfried Advisory
Matthew Fingerman	BNY Mellon Wealth Management
Robert Friedman	Cozen O'Connor
Daniel Greenspon	RenPSG
Michael Hickey	BNY Mellon
Helene Jaron	Cozen O'Connor
Christopher Jones	CBIZ
Kevin Leigh	J.P. Morgan
Lester Lipschutz	Cozen O'Connor
Ted Lord	Goldman Sachs
Keith Malcarney	Wells Fargo
Jill Martin	Baker Tilly Virchow Krause
Brett Murphy	Kleinbard LLC
Miguel Pena	Spector Gadon & Rosen, P.C.
Joyce Petrenchak	PNC Wealth Management
Michelle Phillips	Andersen Tax
Linda Pittounicos	Odell Studner Group
Tara Prakash	Philadelphia Museum of Art
R. Pulsifer	Junto Wealth / Almanack Investment Partners
Adam Reid	Cozen O'Connor
Franca Tavella	White and Williams LLP
Katherine Thackray	Heckscher, Teillon, Terrill & Sager, P.C.
Justin Yakubowski	Hawthorn, PNC Family Wealth

Mark Your Calendar

Tuesday, February 19, 2019
Topic: "Preparing the Next Generation for What's Ahead"
Speaker: Donna Trammell, Bessemer Trust

Sponsored by Bessemer Trust

Tuesday, March 29, 2019
Topic: "Social Security and Retirement Planning: A Hit or Myth Proposition"
Speaker: Kurt Czarnowski, Czarnowski Consulting

Sponsored by The American Association for Cancer Research

Thursday, May 16, 2019

PEPC Annual Meeting Seminar & Reception
Topic: "Seven Deadly Claims"
Speaker: Steve Mignogna, Archer & Greiner, P.C.

Monday, June 24, 2019

23rd Annual Golf & Tennis Outing
The Union League Golf Club at Torresdale