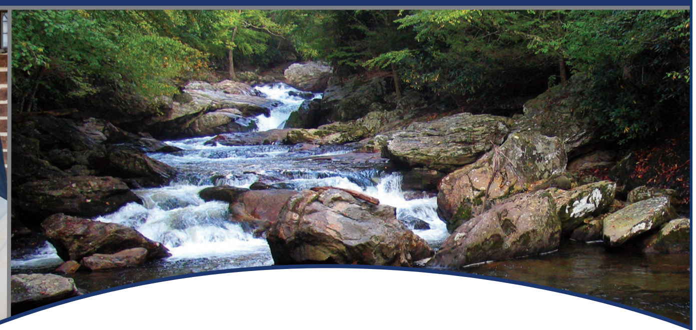
Winter 2022



HIGHLAND TRUST PARTNERS

With Life Insurance Comes Security

By Ben Butler, Financial Advisor

Three Reasons to Utilize Life Insurance

Estate Liquidity

Final expenses can be costly. Funerals, transfer costs, estate taxes, and other expenses can place a financial burden on

family members during what is already an emotionally difficult time. The presence of life insurance proceeds after one's passing allows for sufficient cash flow to cover these costs.

Income Replacement

If something were to happen to you, do you have family members or dependents who currently depend on your income? How will these individuals cover necessary expenses if you are no longer there to cover them yourself? Life insurance proceeds, if properly managed, can set up an income stream to your beneficiaries for as little or as long as required or desired. The options range from a pool of funds to replace your income for a few months or years, to the proceeds being managed in a way where an income stream can continue in perpetuity.

Unfunded Liabilities

Aside from income that covers basic living expenses, your income might also be utilized to service debt such as a mortgage or car payments. If you are no longer around to service this debt, life insurance proceeds can be utilized to pay the debt off so the asset can be owned free and clear by your beneficiaries.

INSIDE:

Plan a Strategic Exit

By Exit Planning Institute
Contributed by Mark Cross, Managing Partner

The Five D's

As a business owner, I understand the stresses faced daily, monthly, and annually. We all have full days of tasks making sure the business runs smoothly, but sometimes important aspects get overlooked. This includes what happens to the business if we go through a difficult event in our lives. We care about our families, employees, customers/clients/patients, and communities, so it is incredibly important we protect them. Below is an applicable article from the Exit Planning Institute. HTP has dedicated a service to help guide owners in the process of executing a strategic exit plan. Please call us if we can help.

Did you know that 79% of business owners have no written transition plan and 48% have done no exit planning at all? And on top of that, roughly 50% of all business exits are involuntary and are forced by dramatic external factors. You need to have a well-thought-out plan of what happens if something unexpected happens to you or someone in your family, directly impacting your business.

Owners need to plan for how they want to walk away from their business not only in a perfect scenario, but also in a worst-case situation. Throughout the exit planning process, it is critical to consider the

following scenarios that force owners to exit their business hurriedly, and often leaving value on the table. They are often referred to as the 5 D's:

- Death
- Disability
- Divorce
- Disagreement
- Distress

We often think that a will addresses the needs upon the death of an owner. If your partner or spouse passes, do you have the ability to continue their job at the level they were performing it? If you're put in a position where you need to stay home to take care of a suddenly sick or disabled family member, what will happen if you are forced to exit your business due to your inability to come into work?

It is important to run through the tough questions about what you want to happen to your business if you have to exit your business prematurely. Statistics have shown that in the four years following an owner's death, sales declined 60% on average and employment fell 17%, resulting in a decline the overall valuation of the business. Additionally, two years after an owner's death, firms are 20% more likely to fail or file for bankruptcy. It is important to have a plan in place to avoid these issues happening to your business in your sudden absence.

What do you want your family, clients and management team to know? What do you want to happen if you die or become disabled? What should happen if you or your spouse wants a divorce? What happens if there is a disagreement between business partners? An unplanned exit can not only impact the day-to-day operations of your business, but also the tax and legal aspects of it, along with the value of your company. You need to create contingency plans for each of the 5 D's to be properly prepared for any unplanned scenario.

(continued on page 7)

Information & Tools

Technology Corner

Day One Journal: The Day One Journal app makes recording your daily thoughts or the events of your day so easy and convenient. Users can make direct entries as well as emailing and texting entries to the app. Users may also include a picture or video with their entries. Day One gives you highlights of past entries as well as plots your travel, so you are able to look back on what you've documented and where you've been. This basic version is free but there is also a premium version which includes upgraded features for $2.92/month.

Streaks: Streaks is an app designed to help create better habits and break bad ones. Users enter activities they want to accomplish on a regular basis and the app tracks how many days their streak lasts. If you miss an activity, the streak will reset to zero. Users can track activities everyday or choose specific days they want to add the tasks to. The app has the ability to sync with the iOS health app and track goals from there as well. Streaks keeps up with your results and provides statistics for each task. This app is $4.99.

Facilitate Transitions

By Will Divers,
Financial Advisor

"Look at What We Have Built"

"Look at what we have built." A common phrase that is said amongst couples when looking at their wealth and businesses they have built over time. Over years and years of working, you have something to be proud of and want your children to enjoy with you the success that you have built. A common way of doing this is having your children work for the family business. However, sometimes children want to go out on their own and not be involved with the family business. There is nothing wrong with that as most parents just want their children to be happy.

If either situation happens there are a few things to consider, and they all fall under the umbrella of succession planning. If children decide to work for their parents' business, then some steps need to be taken for the child to appreciate what their parents have built. There needs to be an understanding that it was not always easy, and they need to have a view of what their parents envisioned for the company for years to come. While they may not always agree with the vision, they can at least understand the values and work to uphold them.

Should children not want to be involved with the family business then having a conversation of what to do with the business as a step-away is paramount. Putting mechanisms in place that will facilitate that transition can be vital to not only help you feel secure, but your employees and company feel secure as well.

Highland Trust Partners would love to help you, the owner, understand what life will be like once the day finally comes to step away as well as be a part of this step-away process.

Reclaim Your Space

By Chris Caswall
Owner, Junk South

Wishing You a Junk-Free 2022

If you've ever felt that your stuff is enclosing in on your personal space, you're not alone. I am reminded of this as a home owner, a father of two boys, a husband to a crafty wife and being a project oriented husband. The more space I commandeer the more I seem to fill it back up and cram things into obscurity.

In my experience, a garage or spare room can quickly become a catchall for good intentions. The "saving it for later" or "work in progress" approach can quickly eat away at space. And it doesn't take long for an area to be hijacked by clutter. Not only do you loose peace of mind and freedom when this happens, but also future enjoyment.

This is where a professional junk removal company can be of great value. The daunting task of clearing out months and years of clutter can drive many away from action.

Not to mention, its not easy parting with things that were once considered essential or special. Below are some tips for navigating the process and living junk-free.

1. **Identify & Prioritize** the space(s) you'd like to reclaim. For example, during the colder months, it would be great to clear out interior spaces that could immediately encourage new usage. A garage filled with items and boxes could be cleared out in a matter of hours, making way for vehicles. Whereas, an outdoor space might be a project better suited for the spring.

2. **Determine what stays** and what goes. Easily place a sticky note or piece of painter's tape on the items you want gone. Not only does this streamline the process, but it will also give you a chance to save "must keep" items.

3. **Rest in peace** knowing that Junk South will donate your gently used, re-usable items. Keeping things out of the landfill and finding a new home is the Junk South way. A tax deductible receipt will be made available to you for tax purposes.

4. **Do you need items** moved around the house to complete a space? At Junk South, we offer general labor to help accomplish your needs. Just point your finger and tell us what needs to go where.

Lastly, you'll feel great when the process is over. Just the other day, my wife and I teamed up to reclaim our living room from years of children's toys. Our living room is once again a place of relaxation and enjoyment.

HTP has a new addition to our family as our Financial Planning Assistant Miranda Lee Black and her husband Boston introduced Camden Reece to the world on January 11. **Congratulations to Miranda and Boston!**

new baby wishes

College Financial Planning

By Christopher Willox,
Financial Advisor

Student Loan Debt Crisis

The Federal Reserve estimates that in quarter two of 2021, Americans owed a startling $1.73 trillion in student loans despite a lengthy pause on federal student loan interest rates and the elimination of billions of federally held student loans by the Biden Administration.

It's not all the students' fault, though. According to the *Visual Capitalist*: "Since 1980, college tuition and fees are up 1,200%, while the Consumer Price Index (CPI) for all items has risen by only 236%."

There are many reasons for this shocking increase, for example, decreases in state funding that force many colleges to rely more heavily on revenue from tuition and fees. Combine this with the easy availability of subsidized student loans that fuels increased enrollment along with the expected administrative bloat and you begin to see how we got into this mess.

According to *Forbes*: "Beyond their roles in educating students, creating and disseminating knowledge, and preparing graduates to be successful, colleges are businesses." We must then treat the college experience as savvy consumers, the same way we research and analyze any major purchase or investment. What to do?

The federal government paused student loan repayment, interest, and collections until January 31, 2022—but doesn't that mean you can feel free to spend that loan payment amount on a new iPhone?

Before enrolling or becoming fast friends with your financial aid office and immediately asking what the difference is between subsidized and unsubsidized loans, look here: **www.studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized**

Don't just read through this section but explore the entire site! You will thank me later.

Don't be afraid to ask your employer, no matter how big or small, if they offer tuition assistance. You may wonder why companies are willing to do this. Retaining talented employees saves time and money that might otherwise be spent on hiring, not to mention the business deduction afforded them. Knowing the value you bring to your company can help build your case. As Marlon Brando said in *The Godfather*, "I'll make him an offer he can't refuse."

The key is to help defray your college costs. More and more companies are realizing the benefit they reap by doing this, some even for part-time employees. These include Starbucks, Walmart, Chipotle, Amazon, and Target for specific programs. If you haven't already, now is the time to create a budget and set up autopay for all bills.

You need to know your loan details to find the best repayment strategy that's right for you. Try this site: **www.bankrate.com/calculators/college-planning/loan-calculator.aspx**

In addition to creating your financial plan, look to create multiple sources of incomes or "side hustles" to pay down debt—a much discussed topic. You can find articles on side hustles everywhere, just be careful because many are scams.

Think about this: If you enjoy imbibing an adult beverage or two consider becoming a bartender. Instead of paying for drinks you are now getting

(continued on next page)

Tax Mailing Schedule

Form 1099-R & Form 1099-Q	**January 31**
Consolidated 1099 Tax Statement: Includes accounts with the simplest tax information and not subject to income reclassification.	**January 21 & 28**
Accounts holding more complex securities, for which issuers provided final tax information after January 28.	**February 4, 11, 18, 25**
Preliminary 1099-Consolidated Tax Statement - Draft Copy: Includes accounts that will not receive a final 1099 Consolidated Tax Statement until all income data is finalized.	**February 18**
Includes tax information that investment companies did not furnish to LPL Financial, the broker of record, in time for the anticipated February mailing deadline, such as: 1. Accounts holding securities that may be subject to income reclassification; 2. Accounts holding securities that provide mortgage-backed income reporting information (AMBIR)	**March 4, 11, 18**
IRS Tax Filing or Extension Request Deadline	**April 18**
Form 5498	**February 25, May 27**
IRS Extension Tax Filing Deadline	**October 17**

College Financial Planning

By Christopher Willox,
Financial Advisor

Student Loan Debt Crisis *(continued from previous page)*

paid—talk about the ultimate cost opportunity! This is also a great job while in college and one that the author thoroughly enjoyed as a student.

We are not advocating for all students to get STEM degrees because those jobs usually pay more. Choosing a degree/field that has a good ROI (return on investment) shouldn't be the sole factor. You need to study and major in what interests you, but you can still be smart about funding it to avoid adverse situations. According to *The Wall Street Journal*: "Recent film program graduates of Columbia University who took out federal student loans had a median debt of $181,000. Yet two years after earning their master's degrees, half of the borrowers were making less than $30,000 a year."

But what about Income-Driven Repayment (IDR) and Student Loan Forgiveness programs? The current administration has proposed a collection of programs including Income Contingent Repayment (ICR), Expanded Income Contingent Repayment (EICR), Income Based Repayment (IBR), Pay As You Earn (PAYE), and Revised Pay As You Earn (REPAYE). Confused yet?

As for Student Loan Forgiveness programs, according to *Forbes*: "A federal student loan forgiveness program for people devoted to careers in nonprofit and public organizations, will continue to see significant changes this year." There are currently partial forgiveness programs available for careers in healthcare, teaching and working for non-profit companies in low-income areas but they all require many steps to be followed exactly including having made 120 consecutive qualifying payments and to be employed by a qualifying entity, such as the U.S. government. Is student debt cancellation for all next? Don't hold your breath.

Don't blindly assume that any college loan qualifies as "good debt" because you plan to save the world with your newly minted degree. As with all purchases, especially when borrowing, remember "caveat emptor" or buyer beware!

Chart of the Quarter

2022 Stocks Forecasts

MID-CYCLE ECONOMIES TEND TO BE GOOD FOR STOCKS

S&P 500 Index Rose 80% of Mid-Cycle Years With Average 11.5% Gain

Annual S&P 500 Gaines/Losses Excluding Dividends Since 1960

Annual S&P 500 Gaines/Losses excluding dividends Mid-Cycle years are **highlighted**

<-25%	-25 to -15%	-15 to -5%	-5 to 5%	5 to 15%	15 to 25%	>25%
				1993		
				1968		
				2004		
				1965		
			1960	**2016**	1972	1980
			1994	1971	2020	1985
		2018	**2011**	**2014**	1983	1991
		1966	1970	1979	**1963**	**2003**
		2001	**1978**	**1988**	1976	**1998**
		1962	**1984**	**2010**	**2017**	1989
		1977	**1987**	**1964**	**1999**	2019
		1969	**2005**	**2012**	**1967**	**2013**
		2000	2007	2006	**1996**	**1997**
2008	2002	1981	**2015**	**1986**	1961	1975
1974	1973	1990	1992	1982	2009	**1995**

Source: LPL Research, Bloomberg, 11/22/21.

Plan a Strategic Exit

By Exit Planning Institute
Contributed by Mark Cross, Managing Partner

The Five D's *(continued from page 2)*

While each of these unplanned events will undoubtedly be treated differently, an important step to take is creating and communicating the action plan for each contingency. This is done through a contingency letter, which serves as a playbook that is a shorthand to your operating agreement and your estate planning documents. Your contingency letter should outline what you, as the owner, would like to happen if you can no longer operate the business.

Have you planned for these contingencies? Part of the role a CEPA plays is to educate the business owner on how to de-risk the business. Some of the largest risks to the business can be planned for and some cannot. These are events that are usually out of your control and can ruin the value of your business.

Permission to Disclose

With tax preparation fast approaching, many of you request we provide account information to your CPA. In order to do so, we must have a "Permission to Disclose" form on file with your CPA's contact information and your signature. Please call April or Tomekia to be provided with this form.

Market Index Returns*

Fixed Income	Current Yield 2/7/2022
90-Day T-Bill	0.23%
5-Year T-Note	1.77%
10-Year T-Note	1.92%
30-Year T-Bond	2.23%

Source: Bloomberg

Index	2022 (1/1/2022–2/4/2022)	2021 (One Year)
Dow Jones Ind.	-4.09%	18.73%
S&P 500	-6.17%	26.89%
NASDAQ	-10.76%	21.39%
MSCI EAFE Growth ETF	-10.20%	10.95%

Source: Morningstar Research

*The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

1077 Baxter Street, Suite 600
Athens, GA 30606
706-850-4965 (office)
www.highlandtrustpartners.com