NORTHERN TRUST

WEALTH PLANNING OUTLOOK

2019 EDITION

Northern Trust's Wealth Planning Advisory Services has developed forward-looking forecasts for tax and wealth planning. The Annual Outlook allows clients and advisors to distill trends and concepts into action items and anticipated outcomes. The aim is greater understanding of the tax and wealth planning considerations that impact clients so that they can continue to achieve what is most meaningful to them.

Contributors

SUZANNE L. SHIER
Chief Wealth Planning and Tax Strategist/Tax Counsel

DIANA R. MYERS
Tax Counsel and Senior Wealth Planner

WEALTH PLANNING OUTLOOK

2018 brought radical transformation in the federal tax landscape. The United States Congress passed the most sweeping tax legislation since the Tax Reform Act of 1986. Although most of the individual tax provisions in the law expire on January 1, 2026, most of the corporate tax provisions are permanent. The effects are cascading through the economy, and individuals, families and businesses are striving to find equilibrium amid the change. Of course, radical transformations can occur at the individual level as well. A good wealth plan anticipates personal disruptions, transitions and surprises.

Here is what you need to know about the forces shaping wealth planning.

From this context, our annual outlook highlights six salient themes. Our Wealth Planning Advisory Services Group expects:

1 | **INTERSTATE MOBILITY** — Individuals will continue to evaluate their state and local tax burden in the context of their overall tax and financial picture.

2 | **DOMINANCE OF PRIVATE HOLDINGS** — Private equity will continue to be central to an individual's wealth plan.

3 | **FAMILY OFFICE STRUCTURES** — Technology and strong family office networks will allow more individuals to establish single family offices and access exclusive investment opportunities.

4 | **DONOR-ADVISED FUND PROLIFERATION** — Philanthropists will continue to choose donor-advised funds over private foundations in order to simplify their affairs.

5 | **BUSINESS ENTITY SELECTION AND CONVERSION** — Businesses of all sizes are analyzing entity selection and conversion after the tax overhaul.

6 | **HEALTH AND WEALTH** — Families will continue to underestimate the probability and financial cost of illness and disability.

INTERSTATE MOBILITY

Individuals will continue to evaluate their state and local tax burden in the context of their overall tax and financial picture.

People are reading the political and economic tea leaves. State budget deficits and unfunded future liabilities leave many questioning whether state and local tax increases are inevitable.

OUTLOOK

State and local taxes are a multi-faceted problem. Some people focus on the headline income tax rate and move to Florida, Texas or another state that does not collect individual income taxes. Others assume that states with no or low income taxes collect the same revenue in another way, such as sales taxes, gas taxes, fishing licenses, automobile registration fees and special assessments, as well as business, estate and inheritance taxes. The truth about the comprehensive state and local tax burden often lies in the middle and warrants detailed analysis.

The federal tax overhaul has put state and local taxes in the spotlight. From January 1, 2018 through December 31, 2025, the federal itemized deduction for state and local taxes is capped at $10,000. When individuals add up their state income taxes or sales taxes, plus their local property taxes, $10,000 seems like a pittance. The net effect of the $10,000 cap is that many people effectively have lost the ability to deduct state and local taxes for the next six years.

Finally, people are reading the political and economic tea leaves. State budget deficits and unfunded future liabilities leave many questioning whether state and local tax increases are inevitable.

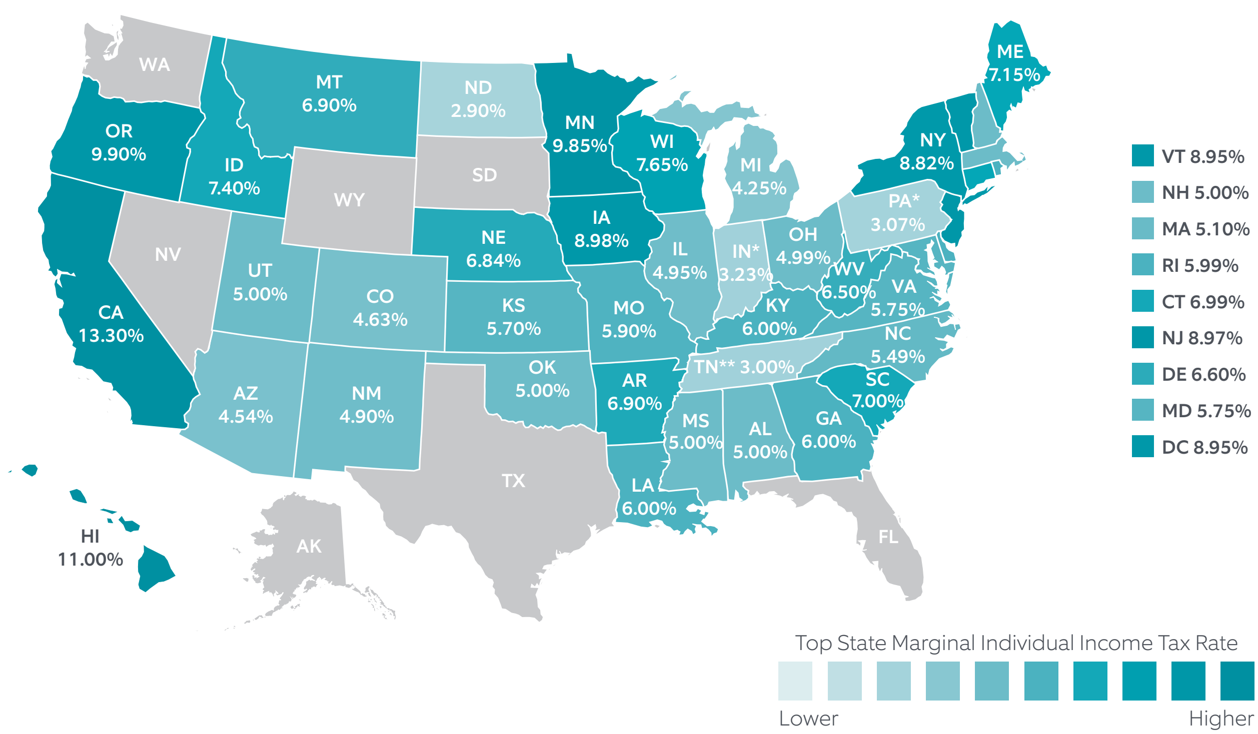
IMPLICATIONS

- **Competition among U.S. states:** Experts disagree about the extent to which taxes drive migration. Cost of living, health care quality, weather, culture, job and family all factor into an individual's choice of home. But data collected from federal income tax returns suggests that people are leaving high-tax states.[1]
- **Emphasis on state tax structure:** The $10,000 cap on the deductibility of state and local taxes generally applies to individual taxes, and not business taxes. States that currently collect a greater percentage of revenue from individual taxes may decide to raise business taxes and decrease individual taxes in order to take advantage of the new federal rules. That said, the federal government will be watching the states closely. Expect a cat and mouse game to ensue.
- **Importance of flexibility and independence:** People who want to move increasingly will value flexibility and independence in their personal, professional and financial lives.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Prepare for audit:** If you move from a high-tax state, be prepared for an audit with the tax authorities in that state. Keep a file that records where you were each day of the year. Include airline receipts, cell phone records and credit card statements. Detailed records can support your argument that you have exited the state for tax purposes.
- **Avoid accidental residency:** If you have multiple properties, avoid inadvertent residency in high-tax states. For example, if you are a Florida resident with a lake house in upstate New York, be mindful of how much time you spend at the lake to minimize New York state income taxes.
- **Evaluate the use of trusts:** Many factors can influence where a trust is taxed, including the home state of the trust creator (known as the grantor), the trust beneficiaries, the trust fiduciaries and the trust itself. Certainty can be elusive in this area of the law.[2] Timing also matters. For example, consider an Illinois resident who is moving to Florida. She could create and fund a trust governed by Illinois law and select a friend in California to serve as trustee before she moves. Or she could create and fund a Delaware trust with a Delaware trustee after she moves to Florida. The Delaware trust is likely to result in significant state tax savings.

TOP STATE MARGINAL INDIVIDUAL INCOME TAX RATES, 2018.



Note: (*) State has a flat income tax. (**) State only taxes interest and dividends income. Map shows top marginal rates: The maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included. — Source: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA.

DOMINANCE OF PRIVATE HOLDINGS

Private equity will continue to be central to an individual's wealth plan.

OUTLOOK

In 2002, there were over 6,000 companies publicly listed on the U.S. equity markets. By 2017, that number had dropped to 5,187. Companies that were public have decided to go private, and companies that are private are increasingly deciding to remain private. Adena Friedman, President and Chief Executive Officer of NASDAQ, writes:

> The dynamics catalyzing the turn away from public markets are complex. They range from concerns about: a) activists, b) frivolous shareholder litigation, c) pressure to prioritize short term returns over long-term strategic growth, d) burdensome costs and headaches of the proxy process as well as irrelevant but required disclosures, to name a few. Once public, particularly smaller issuers sometimes find that the cost of accessing equity capital to fund growth can be expensive given the distributed nature of trading across markets and trading venues today. Therefore, they seek private sources of capital and in today's environment, many dynamic companies are finding an abundant supply of that capital available.[3]

For individuals, this trend toward privatization manifests in two ways. First, family businesses often remain in the family. Second, private equity funds and real estate funds feature prominently in individual portfolios. An emerging area of private investment under the tax act is opportunity zones and funds. The 2017 tax overhaul allows opportunity zone investors to defer and even eliminate a portion of their capital gain from the sale of another investment by reinvesting that gain in a zone. Real estate and operating businesses in the zone are eligible investments. We anticipate both preliminary and final regulations from the Internal Revenue Service, which could catalyze this sector of the private investment market.

For individuals, this trend toward privatization manifests in two ways. First, family businesses often remain in the family. Second, private equity funds and real estate funds feature prominently in individual portfolios.

IMPLICATIONS

- **Access:** Many commentators have expressed concern that, if the fastest growing companies are private, small investors will not be able to purchase their shares. Outsized investment returns will accrue to the individual and institutional investors who have access to private funds and who can meet the high investment minimums and investor qualifications. That said, we may see more syndicated private investment funds that allow investors to access this asset class with lower investment minimums.

- **Estate planning complexity:** Private companies, which are often illiquid and non-income producing, cannot always be easily transferred and might not generate the cash flow beneficiaries may seek. For example, your estate plan might say that, when you die, a trust will be created and funded for your spouse in order to reduce federal or state estate tax (called a "marital trust"). But in order to get the tax benefits of the marital trust, your surviving spouse must receive all of the trust income and must have the right to require the conversion of the assets inside the trust to income producing assets. So a marital trust that is designed to provide a surviving spouse with a regular income stream likely should not be funded with private investments, at least not exclusively.
- **Tax complexity:** Private investments create income tax complexity. Partnerships usually do not report tax information to investors until well after the April 15 individual income tax filing deadline. So private investors must put their federal and state tax returns on extension until Forms K-1 are issued. The timing and character of tax distributions from partnerships also can be unpredictable, and partnerships without tax distribution provisions can create phantom income. In both cases, investors can find themselves without the liquidity they need to cover a surprise tax bill.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Tailor trusts:** Private equity can be held inside a trust to avoid probate and facilitate a smoother transition to your beneficiaries at death, but special drafting is recommended. The trust document must give the trustee the flexibility and legal authority that it needs to manage and transfer a private business or fund. Work with a qualified attorney to draft your trust document and select an individual or corporate trustee who has experience managing special assets.
- **Take advantage of valuation:** Private holdings may be discounted for lack of control or marketability, among other reasons. These lower valuations potentially mean that you can transfer the asset to your beneficiaries during life or at death with a reduced gift, estate and generation-skipping transfer tax cost. If you would like to transfer assets to family or friends, consider which assets will give you the best transfer tax result. And be mindful of investor qualifications associated with any transfers.
- **Manage liquidity:** Cash flow planning is the heart of personal finance. Private investments can be illiquid and can generate current tax bills without corresponding cash. Work with an investment advisor who is mindful of unconventional cash needs.

FAMILY OFFICE STRUCTURES

Technology and strong family office networks will allow more individuals to establish single family offices and access exclusive investment opportunities.

Strong family office networks not only allow staff to exchange ideas and swap best practices, but also provide deal flow. Merchant banks, club deals and co-investments are central to the family office infrastructure.

OUTLOOK

The number of family offices in the U.S. is notoriously hard to measure because privacy is one of their hallmarks. But data from multiple surveys shows exponential growth in the number of family offices over the last two decades. Although $100 million often is cited as the number a family needs before it should consider a family office, the net worth for a family with an office generally is over $1 billion. Family offices are full service. Family office professionals not only invest and administer assets, but also handle everything from bill pay to cybersecurity to family mediation and dynamics.

There is little doubt that relevant technology has helped fuel the growth of family offices. Increasingly, financial services firms and software companies offer integrated technology platforms specifically for family offices. It is easier to open a family office with confidence when financial reporting is not confined to Excel spreadsheets.

Strong family office networks not only allow staff to exchange ideas and swap best practices, but also provide deal flow. Merchant banks, club deals and co-investments are central to the family office infrastructure. Professional organizations dedicated to family offices plus bespoke conferences organized by financial professional service firms have played a key role in connecting family office executives.

Finally, two "soft" factors have outsized impact on the success of today's family office: family education and family governance.[4] Family offices are spending more on "next gen" financial education programs for the younger generations of the family (although families outside of the family office space also are finding tremendous value in next gen financial education). And the overwhelming majority of family offices have an investment committee and a management committee, although audit committees and contract committees are less prevalent.

IMPLICATIONS

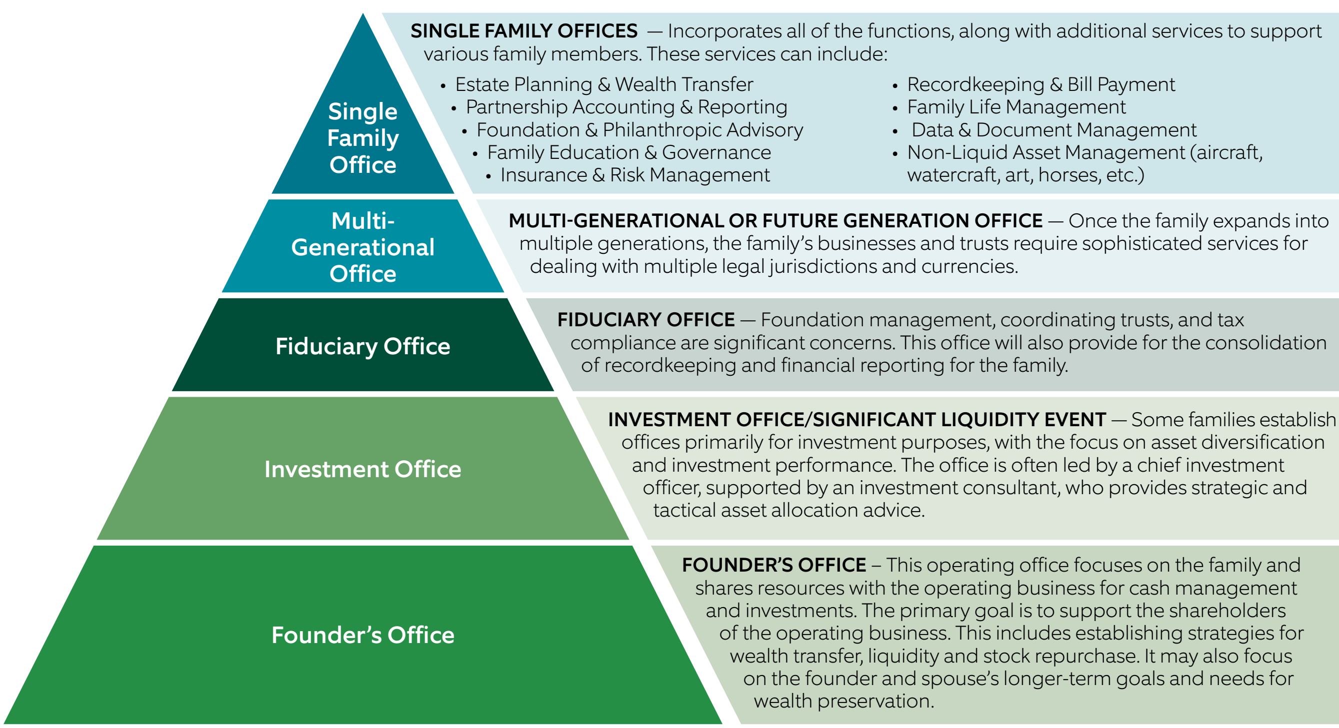
- **Talent development:** Single and multi-family offices provide a broad range of services. The success of their model depends on the talent they hire. Versatile professionals who have soft skills plus technical expertise in a number of different areas are critical. Fortunately, the rise of the family office sector generally should make it easier for offices to recruit and retain talent.
- **Fee deductibility:** The 2017 tax overhaul suspended miscellaneous itemized deductions through 2025, including the federal income tax deduction for investment expenses. However, family offices that are sufficiently

institutionalized may be able to deduct their investment expenses as trade or business expenses, which remain deductible despite the new tax law.

- **Trend reversal:** The cachet of a family office could be driving unnecessary expansion. Families with new offices may decide over time that the administrative cost is not warranted, particularly in the case of a market downturn.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Hire counsel:** There are important legal and tax considerations at each phase of the family office lifecycle. The right entity structure can mitigate liability and tax from the outset. Ongoing regulatory and compliance issues will need to be well managed, and each deal will require quality advice. Engage quality legal and tax advisors who are proactive and help you avoid traps for the unwary.
- **Choose the right jurisdiction:** Family offices can be located in states and countries where family members themselves have few ties. Choose a jurisdiction that matches your goals and helps you manage your tax and legal liability.
- **Expect advisor coordination:** The promise of an office is seamless coordination among advisors. Whether you choose a family office structure or a traditional investment firm, expect exceptional project management from your primary trusted advisor.



DONOR-ADVISED FUND PROLIFERATION

Philanthropists will continue to choose donor-advised funds over private foundations in order to simplify their affairs.

The percentage of contributions to donor-advised funds has grown steadily, and significantly, over the last decade. In 2010, 4.4 percent of individual contributions were made to donor-advised funds. By 2017, that number was over 10 percent.

OUTLOOK

Americans gave an estimated $286 billion to charity in 2017. Of this number, over $29 billion was contributed to donor-advised funds. What is a donor-advised fund? It is like an individual retirement account for charitable giving. A donor contributes money to the donor-advised fund, can receive an immediate income tax deduction, can allow the money inside the fund to grow tax deferred for charity and can recommend (but not direct) grants to his favorite charities from the fund over time.

The percentage of contributions to donor-advised funds has grown steadily, and significantly, over the last decade. In 2010, 4.4 percent of individual contributions were made to donor-advised funds. By 2017, that number was over 10 percent.[5]

Anecdotal evidence suggests that more philanthropists are choosing donor-advised funds over private foundations. A private foundation, like a donor-advised fund, can enable a donor to realize immediate tax benefits upon contribution and to make charitable distributions over time. But unlike a donor-advised fund, a private foundation has complex compliance requirements, high administrative cost and annual distribution requirements. It is true that private foundations still have eight times more assets than donor-advised funds ($110 billion in donor-advised funds compared to $855 billion in private foundations). But as many smaller private foundations continue to unwind, we expect this asset balance to shift.

IMPLICATIONS

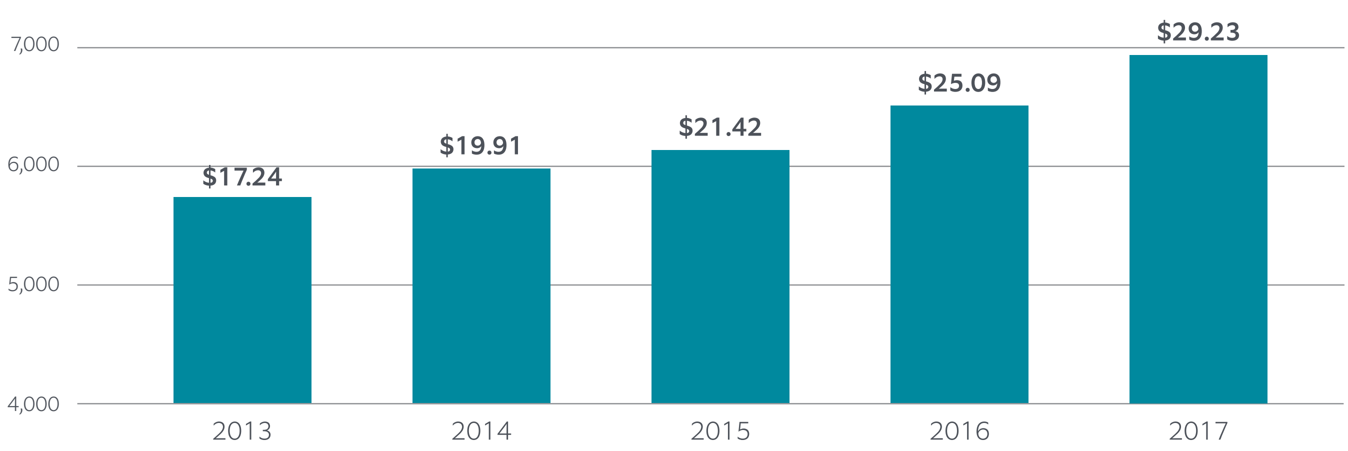
- **Complex assets:** Donor-advised funds accept not only gifts of cash, but also gifts of property, including publicly traded securities, and some funds accept private securities and collectibles such as coins and artwork. Expect business owners to continue to donate their (low tax basis) company shares before sale or initial public offering.
- **Interest from charities:** Most donor-advised funds are sponsored by large financial institutions or community foundations. But individual charities, like the Sierra Club Foundation, also sponsor donor-advised funds. As funds continue to attract donor interest, expect more large charities to become donor-advised fund sponsors. Funds at individual charities do not have to be used to support only the sponsoring charity, but donors generally make a commitment to give, say, at least 25 percent of their contributions to the sponsoring charity.

- **Congressional interest:** Commentators have long expressed concern that donor-advised funds are not good philanthropy because money can sit inside a donor-advised fund for years before it is paid out to a charitable organization. Although Congress did not include a donor-advised fund minimum distribution rule in the 2017 tax overhaul, this legislative proposal always lurks in the background and could resurface as contributions to donor-advised funds grow.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Define your objectives:** Once you have defined the who, what, when, and, most importantly, the "why" that drives your giving, the decision between a private foundation, a donor-advised fund or another charitable vehicle should become clear. Work with your advisors to explore the pros and cons of each vehicle.
- **Engage professionals:** If you decide that a private foundation is right for you and your family, lawyers, accountants and back-office service providers will be integral members of your team. Ask for referrals to professionals who specialize in not-for-profit law and private foundation compliance.
- **Get creative:** Donor-advised funds can facilitate crowdfunding, workplace giving and giving circles. Many Americans who do not see themselves as wealthy philanthropists are finding that they can magnify their impact by partnering with other likeminded donors. Consider pooling funds from multiple contributors into a donor-advised fund.

TOTAL VALUE OF CONTRIBUTIONS TO DONOR-ADVISED FUNDS ($B)



Source: National Philanthropic Trust, 2018 Donor-Advised Fund Report, Section 6, Figure 2 (2018).

BUSINESS ENTITY SELECTION AND CONVERSION

Businesses of all sizes are analyzing entity selection and conversion after the tax overhaul.

OUTLOOK

The tax overhaul reduced the corporate tax rate to 21 percent. This change is not set to expire and is permanent, unless Congress changes the law again. In contrast, Congress provided partnerships, limited liability companies (LLCs), S-corporations and sole proprietors temporary tax relief. Owners of these entities enjoy a deduction of up to 20 percent of taxable income if they meet a myriad of eligibility requirements. The new 20 percent deduction is set to expire in six years, at the end of 2025.

There also are non-tax reasons to consider one business entity over another. Nearly every U.S. state allows a business to incorporate as a social benefit entity, or “B-corporation.” Board members of B-corporations generally have a fiduciary duty to consider a broad range of social interests as they make their decisions, and not just to maximize corporate shareholders’ interests. As companies respond to social responsibility demands from consumers young and old, B-corporations are becoming a competitive choice. Notable B-corporations can be found in industries ranging from ice cream to clothing to cleaning products.

There also are non-tax reasons to consider one business entity over another. Nearly every U.S. state allows a business to incorporate as a social benefit entity, or “B-corporation.”

IMPLICATIONS

- **Family office conversion:** Some family offices are converting from subchapter S-corporations to traditional C-corporations. Although family members pay two layers of tax as C-corporation shareholders, the second layer of tax only applies when money is distributed from the corporation as a dividend. So family offices with low distribution rates are especially likely to convert.
- **Doctor and lawyer conversion:** A University of Pennsylvania study predicts that over 235,000 business owners will convert their business entities from pass-through entities to C-corporations as a result of the tax overhaul.[6] Doctors and lawyers are most likely to switch, given that the 20 percent deduction does not apply to services income.
- **Regulatory backlash:** The Treasury Department issued final regulations on the 20 percent deduction the third week of January. Taxpayers who believe that the final regulations are unfavorable to them could decide to convert their business entities.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Remember gain exclusion:** The "qualified small business stock" rules have allowed many small business owners to avoid capital gains tax altogether when they sell their businesses. But only C-corporation stock can be qualified small business stock, so the tax forgiveness on exit is only available to C-corporation shareholders, not to owners of pass-through businesses.
- **Prepare for audit:** Entities taxed as partnerships are audited under a new set of federal rules as of January 1, 2018. A single partnership representative negotiates a binding settlement with the Internal Revenue Service, and individual partners have little recourse if they are presented with a tax bill that is unfair. Account for the new partnership audit regime in your choice of entity.
- **Account for state income tax:** Selection and conversion can refer not only to the federal tax status of an entity, but also to the state of domicile. Businesses generally are taxed in every state where they do business and also in the state of incorporation or formation. Consider where it makes sense to incorporate or reincorporate.

BUSINESS ENTITY SELECTION CONSIDERATIONS

Whether the conversion will generate a current tax bill	Whether the business currently has overall taxable profit or taxable loss	Whether the business expects to have overall taxable profit or taxable loss in the future
Whether the business plans to distribute profits to owners and shareholders or whether it plans to reinvest those profits	Whether there is eligibility for the 20% qualified business income deduction	Whether an exit is anticipated and, if so, how the exit will be structured (initial public offering, sale to a strategic buyer, sale to a private fund, etc.)
Whether the new entity structure will increase administrative complexity and cost	Whether the state tax liability will be impacted	Whether the conversion would impact current or future estate planning, if any

HEALTH AND WEALTH

Families will continue to underestimate the probability and financial cost of illness and disability.

Many of us have seen first-hand what happens when an aging loved one can no longer live independently. Caregiving costs time, money, or both.

OUTLOOK

The U.S. Census Bureau reported that there were nearly 40 million Americans (12.8 percent of the population) living with a disability in 2016. Disability status, as measured, includes serious difficulty with hearing, vision, cognition, walking or climbing stairs, as well as difficulty with self-care and independent living. And many feel that the census data underreports the number of people who are disabled.[7]

As the American population gets older, the percentage of people with disabilities increases. This is because the 2016 disability rate for ages 18 to 64 was 10.6 percent, compared with over 35 percent for people 65 and older. Many of us have seen first-hand what happens when an aging loved one can no longer live independently. Caregiving costs time, money, or both.

Disabled Americans in the workforce earn less than those without a disability. The median earnings of people with disabilities ages 16 and over in the US was $22,047 in 2016, compared to $32,479 for people without disabilities.

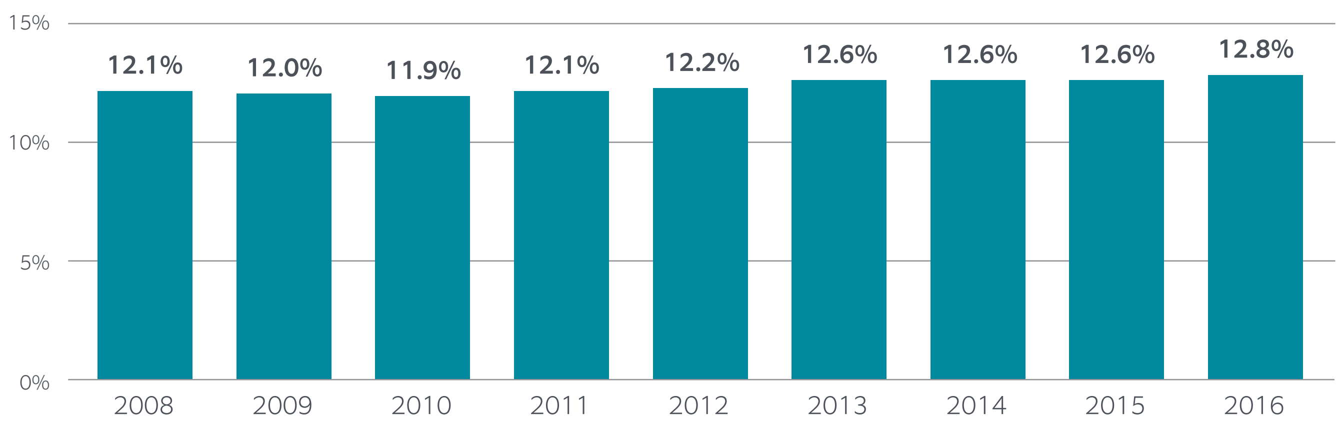
IMPLICATIONS

- **Health insurance:** Health insurance is a hybrid product. It is a prepayment plan, a group purchasing discount and an insurance product rolled into one. Although the tax penalty for not carrying health insurance has been eliminated for 2019, health insurance, like homeowners insurance, is an important personal financial stop-loss in case of catastrophe. People who are leaving the workforce but are too young to qualify for government insurance have options, including continued employer coverage or the individual insurance marketplace.
- **Prescription drug prices:** Prescription drugs are not optional for those who need them. America has the highest prescription drug costs of any country in the world because prices are not government regulated. There is bipartisan agreement that the government should do something about prescription drug prices, although it seems unlikely that policy consensus will develop.
- **Value-based care:** Value-based care is a model where physicians and hospitals are paid based on patient outcomes rather than on procedures performed. Proponents say that this is the future of healthcare because it delivers greater patient satisfaction and reduced healthcare cost.

ACTION ITEMS AND ANTICIPATED OUTCOMES

- **Pay medical expenses directly:** The federal tax rules allow an unlimited gift tax exclusion for educational and medical expenses paid directly to an institution. If you would like to help someone pay their medical expenses, pay the bill on their behalf. If you give the patient the money to pay the bill, you have given him a gift, and you may owe federal gift tax and generation-skipping transfer tax, even if the patient uses the money to pay his medical bills.
- **Draft trusts for disability:** Be mindful of lifetime revocable trust provisions regarding administration of the trust in the event of your disability. This language is often overlooked because the probability of disability is inappropriately discounted. Discuss these trust provisions with your attorney and explore whether things would work the way you expect in case of disability. And also consider the implications of the disability of a child, grandchild or other beneficiary (for example, that eligibility for any government benefits is preserved and that appropriate guardians are appointed under a will).
- **Identify all your dependents:** Financial conversations can be difficult. But it is important to talk with parents, siblings and children about their financial plans. If you will be asked to cover a loved one's financial shortfall, your financial plan should reflect that future outflow.

PERCENTAGE OF PEOPLE IN THE US WITH DISABILITIES, 2008-2016*



* Other surveys have publicized other rates of disability. These rates are affected by survey question, method and other factors. Each survey has strengths and weaknesses. Comparing disability data between surveys is discouraged by all survey organizations. We have used the ACS due to its larger sampling, consistent year to year questions and multitude of variables to examine.

Source: Disability Compendium, 2017 Disability Statistics Annual Report, Fig 1 (2017).

CONCLUSION

The *World in 2019* report summarizes it well:

> "Today, we stand at a technological, political and environmental inflection point. Two decades of rapid technology growth and innovation have generated enormous physical and digital clutter. The steep demand on the planet's resources mirrors the demand on two other precious human resources — our time and attention."[8]

In light of this escalating confluence, decision paralysis is a legitimate concern. You want to be confident that all areas of your financial life — from investments and taxes to health, risk management and cybersecurity — are tightly knit and tightly managed. In the year ahead, what matters most is the ability to distill the news from the noise so that you and your loved ones can move forward with confidence.

ENDNOTES

1 The Internal Revenue Service collects U.S. migration data based on year-to-year address changes reported on individual income tax returns. It is available at: https://www.irs.gov/statistics/soi-tax-stats-migration-data.

2 On January 11, 2019, the U.S. Supreme Court agreed to rule on whether the Due Process Clause of the U.S. Constitution prohibits the states from taxing trusts based on trust beneficiaries' in-state residency. In granting certiorari, the court said, “Eleven states, including North Carolina, tax trust income when a trust's beneficiaries are state residents. For the last ninety years, however, this Court has been silent on whether these taxes comport with due process. The Court's last words on the subject come from the Pennoyer era of due-process analysis. *Pennoyer v. Neff*, 95 U.S. 714 (1878). As a result, lower courts and state taxing authorities have been searching in vain for modern guidance. There is now a direct split spanning nine states. Four state courts have held that the Due Process Clause allows states to tax trusts based on trust beneficiaries' in-state residency. Five state courts, including two state supreme courts this year, have concluded that the Due Process Clause forbids these taxes. The Due Process Clause should not have different meanings in different states, particularly when billions of dollars of state-tax revenue hang in the balance.”

3 NASDAQ, *The Promise of Market Reform*, available at https://business.nasdaq.com/media/Nasdaq_Blueprint_to_Revitalize_Capital_Markets_April_2018_tcm5044-43175.pdf.

4 Northern Trust and Wharton Global Family Alliance, *Balancing Family and Financials*, available at: https://www.northerntrust.com/documents/reports/nt-wharton-gfo-2018-benchmarking-report.pdf?mkt_tok=eyJpIjoiWXpJMk9HSmxOR0UyTUd-FeSIsInQiOiJPN0NwSXBOTURyeDZoVW5tMThVVH-BzbjN6MnV0SzVcL3Zpak1PXC9hTVNWNm1uOGZI-U3N2cmNGWG9mZXZMRnd6Z0tRVFwvY1E2MmlTZEt-ZUmtzbzNkSVppdz09In0%3D.

5 National Philanthropic Trust, *2018 Donor-Advised Fund Report*, available at: https://www.nptrust.org/reports/daf-report/.

6 Penn Wharton, *Budget Model*, available at: http://budgetmodel.wharton.upenn.edu/issues/2018/6/12/projecting-the-mass-conversion-from-pass-through-entities-to-c-corporations.

7 Rehabilitation Research and Training Center on Disability Statistics and Demographics Institute, *2017 Disability Statistics Annual Report*, available at: https://disabilitycompendium.org/sites/default/files/user-uploads/2017_AnnualReport_2017_FINAL.pdf.

8 *The World in 2019*, available at: https://trends.fjordnet.com/.

FOR MORE INFORMATION

As a premier financial firm, Northern Trust specializes in Goals Driven Wealth Management backed by innovative technology and a strong fiduciary heritage. Our Wealth Planning Advisory Services team leverages our collective experience to provide financial planning, family education and governance, philanthropic advisory services, business owner services, tax strategy and wealth transfer services to our clients. It is our privilege to put our expertise and resources to work for you.

If you would like to learn more about these and other services offered by Northern Trust, contact a Northern Trust professional at a location near you or visit us at northerntrust.com.

NORTHERN TRUST

Q62265