financial legacies and minimize tax hurdles.

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By Tylor Willis, CFP, The Kansas City Star (TNS)

Most of us want to preserve or grow our wealth.

One crucial aspect of wealth management is creating a holistic financial plan that includes your estate and tax strategy. By employing effective estate and tax strategies, business owners can optimize their financial legacies and minimize tax hurdles. Here are four strategies to consider adding to your financial plan.

1. Establish a comprehensive estate plan

2. Use trusts for asset protection

Trusts serve as powerful tools in estate planning enabling business owners to protect and manage their assets while reducing estate tax exposure.

Irrevocable trusts let individuals transfer assets to future generations while minimizing estate tax consequences and providing potential income or gift tax benefits. Trusts also offer enhanced privacy and protection from creditors, making them a valuable component of wealth preservation strategies.

3. Consider charitable contributions

Charitable contributions provide a dual benefit of supporting philanthropic causes and reducing estate tax liabilities. Donations to qualified charities can result in income tax deductions and generate estate tax deductions, effectively lowering the taxable estate.

Philanthropic foundations and donor-advised funds offer further flexibility and control over charitable giving, enabling business owners to leave a lasting legacy while optimizing tax benefits.

4. Life insurance as a wealth transfer tool

Life insurance is an invaluable tool for high-net-worth individuals aiming to provide liquidity to their estates and minimize the impact of estate taxes. Irrevocable life insurance trusts allow individuals to exclude the insurance proceeds from their taxable estates, ensuring a tax-free transfer of wealth to beneficiaries. By structuring life insurance policies appropriately, individuals can create a tax-efficient vehicle to pass on substantial assets to future generations.

Strategic estate and tax planning are paramount to preserving wealth across

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