



UNIQUE ASSETS INSIDE OF AN ESTATE PLAN

Best Practices for Professionals

Presented by Greg Bowman, CEO
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INTRODUCTION



Topics:

- What constitutes a unique asset?
- Guiding principals and legal framework
- Unique assets across different stages of an estate & charitable plan
- Considerations for discussions, client management & drafting
- Q&As

Goals For Today's Session:

- Broad brush review
 - Tips, tricks, and observations
- Planning vs. Administration
- Align your clients goals with reality



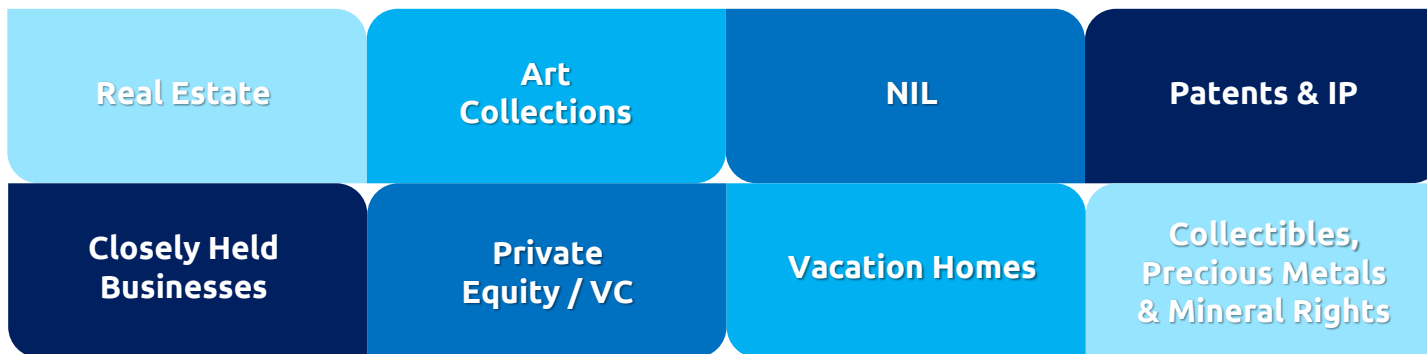
**WHAT ARE UNIQUE
ASSETS? ...**

UNIQUE ASSETS ARE



Asset with distinctive characteristics that make the asset difficult to value, trade, or replace.

Unlike liquid financial assets (such as stocks, bonds, or cash), unique assets often do not have a readily available market, making their management more complex. They are typically illiquid, non-fungible, and may require specialized knowledge or expertise to handle.



Unique assets present challenges to consider while creating and implementing an estate plan



CHALLENGES AND CONSIDERATIONS ...

FAMILY CHALLENGES



- Unique assets are there for a reason! Emotions!
- Trustors can have **strong** feelings related to these assets
- Trustors think its easy to manage the unique asset
- Often one family member has extra responsibilities
- Most often they are well loved by some family members
- There is most commonly an overconcentration of a unique assets

LEGAL CONSIDERATIONS



Uniform Prudent Investor Act

Revised Code of
Washington
11.100

Risk
Diversification
Impartiality

Directed & Delegated Roles

Revised Code of
Washington
11.98B

Shifting burden to
experts and/or
family

Non-Judicial Agreements & Judicial Resolution

Revised Code of
Washington
11.96A

NJA's
Petition the court
for instructions

LEGAL CONSIDERATIONS



Fiduciary Duty

Trustees must manage trust assets prudently and in the best interest of all beneficiaries.

Delegation of Duties

Trustees can hire experts (appraisers, managers, etc.), but must oversee their actions.

Directed Trusts & Trust Protectors

Trustor can name experts that are solely responsible for implementing a fiduciary duty.

Disclosures and Reporting

Regular updates to beneficiaries and court (if required).

Notice to beneficiaries of nonroutine transactions.

FIDUCIARY CHALLENGES



Valuation Issues

Market fluctuations, lack of comparable sales.

Liquidity Concerns

Difficult to sell quickly or at full value.

Estate tax obligations.

Specialized Knowledge

Trustee may lack expertise in the asset type.

“Its not that hard.”

Legal & Regulatory Compliance

Varies by asset type and jurisdiction.

TAX CONSIDERATIONS



Capital Gains and Losses

- Selling or transferring unique assets may have significant tax consequences

Depreciation and Income Generation

- Strategies for real estate and business assets

Valuation for Tax Purposes

- Estate and gift tax implications of unique assets

Charitable Contributions

- Special tax benefits when donating unique assets to charitable trusts



HOW TO ADDRESS THE CHALLENGES?

FIND OUT THE ULTIMATE GOAL.....



Fun	I/we/beneficiaries.....	Enjoy managing the asset Enjoy using the asset
Fulfilment	I/we/beneficiaries	Life's purpose Passion/hobby/interest
Financial security	I/we/beneficiaries	Wealth creation vehicle Cash flow Tax efficient
Family Legacy	I/we/beneficiaries	Legacy asset Defines the family Values of family

IS IT REALISTIC? LIKELIHOOD OF SUCCESS.....



Low (Success is likely)

High (Success is unlikely)

← Cash/non liquid →

← Volatility →

← Concentration →

← Key Person Risk →

← Family Discord →

FIT IT INTO THE ESTATE PLAN



Sell

**Distribute
Outright**

**Expectation to
Keep**

**Requirement to
Keep**

Simplify

Schedule A

List Assets

List Assets

Keep what you like

Include precatory
language

Strong precatory
language

Mandatory
language

Hire professionals

Generic language

Trust Protector

Directed Trust



CHARITABLE STRATEGIES FOR UNIQUE ASSETS

INITIATING THE CHARITABLE GIVING CONVERSATION



The Great Wealth Transfer:

- \$375.9 billion estimated to transfer generations in the next five decades in Eastern WA and North Idaho
- Wealth Inversion Awareness- “My Kids Have More Money Than I Do”

Increased Client Satisfaction:

- Clients with advisors who discuss philanthropic planning are 40% more likely to be very satisfied with their advisor
- Advisor Confidence Gap

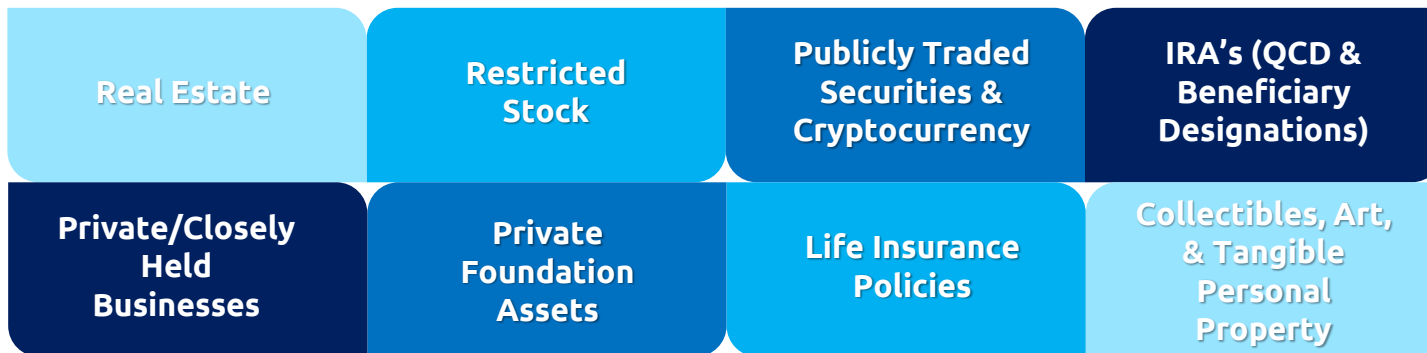
Community Impact:

- Charitable gift planning helps direct wealth to local needs and lasting community solutions—enhancing both client legacy and regional well-being.

APPRECIATED & UNIQUE ASSETS IN THE CHARITABLE PLANNING PROCESS



Many of these same unique assets become very strategic as part of the estate & charitable gift planning process.



APPRECIATED & UNIQUE ASSETS IN THE CHARITABLE PLANNING PROCESS



But let's focus on these.....

Real Estate

**Restricted
Stock**

**Private/Closely
Held
Businesses**

**Collectibles,
Art, & Tangible
Personal
Property**

TAX ADVANTAGED CHARITABLE VEHICLES



Vehicle	Benefit to Client
DAF (Donor-Advised Fund)	Flexible Giving Account
CRUT (Charitable Remainder Unitrust)	Income-Generating Gift
CLAT (Charitable Lead Annuity Trust)	Charity-First Transfer Tool
Private Foundation	Family-Controlled, Generational Giving
Charitable Endowment	Permanent Fund for Impact
IRA (for Charitable Giving)	Tax-Smart Legacy Asset
Supporting Organizations	Custom Giving with Asset Flexibility

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STAGE 1: REVOCABLE LIVING TRUST & POWER OF ATTORNEY

LESSONS LEARNED: RLT & POA



Easiest Role – WHY?

- Trustors are still alive – they take priority
- Usually, strong tax benefits to not selling
- Don't need “productive assets” – e.g. vacation homes.

Simplify Where Desired or During Incapacity

- Selling unproductive assets – e.g. vehicles.
- Disassociate emotions from investments.

Key Person Risk

- Mismanagement of operating businesses.
- Deferred maintenance of real estate.
- Who has the “bitcoin password”?



STAGE 2: ESTATE & DISTRIBUTION TRUSTS

LESSONS LEARNED: ESTATES & DIST. TRUST



Drafting Considerations for Unique Assets

- Specific Bequests / Assets in a Will:
 - Be careful!
 - Precatory language **not** mandatory language (in-kind distributions)
 - What if the assets are sold? What if there is a loan?
 - What if there aren't enough assets left for an offset or tax bill?
- Do You Really Need To List Unique Assets?
 - Valuation issues and offsets
 - Family may not want
 - Circumstances change

Payable on Death / Transfer on Death

- Transfer on Death Deeds – insurance, property taxes, estate taxes.

LESSONS LEARNED: ESTATES & DIST. TRUST (CONT.)



Unique Asset Distribution:

- Fill out Schedule A
- “I definitely want that [house / art / etc.]”
- Sealed bids
- Picking a short straw and going for it!
- Offsets and in-kind distributions – valuation issues
- Long term trusts or pour over will’s – involve the trustee!

Unique Asset Management:

- Insurance issues
- Maximizing value while considering volatility & concentration risk
- Involve beneficiaries – document plan, ask for input, not approval
- NJA’s or petition the court for instructions!

LESSONS LEARNED: ESTATES & DIST. TRUST (CONT.)



Tax consideration

- First to die – consider liquidity with step up basis
- Code 6166 installment payments – 15 years to pay estate tax
- Qualified Farm
- Estate tax obligations - act quick!
 - Lending
 - Loans
 - Investors
 - Liquidity



STAGE 3: Irrevocable Trusts & Gifting Trusts

LESSONS LEARNED: LONG TERM TRUSTS (CONT.)



Drafting Is Critical

- Precatory vs. mandatory options
- Productive vs. non-productive assets
 - Primary home, vacation home, art.
- Always give the trustee an out!
- Protections for the trustee
 - This only goes so far if it conflicts with UPIA
- Separate trusts for unique assets – ILITs, QPRTs, Business Trusts

Bifurcate Fiduciary Duties

- Trust Protector
- Directed Trusts - Revised Code of Washington 11.98B
- Co-Trustees

LESSONS LEARNED: LONG TERM TRUSTS (CONT.)



Who Has The Control

- Voting vs. non-voting shares
- Minority interests
- Family or third-party independent trustee

When It Doesn't Work

- Family disagreements or one family member as trustee
- Illiquidity! Make sure there are funds for upkeep
- Keeping unique assets so distributions can't be made
- Key person risk
- Concentration risk

LESSONS LEARNED: LONG TERM TRUSTS (CONT.)



Unique Asset Management:

- When in doubt: NJA's or petition the court for instructions!
- Governance structure for operating businesses
- Hire experts and document decisions in the moment
- Insurance and protection issues
- Family involvement – board observers, review of annual plans, etc.
- Communication – annual written updates and notification of planned material transactions



Q&A

Additional Questions?

Reach out to us at:

- gbowman@nwtrustee.com
- www.nwtrustee.com