BUILDING AND PRESERVING YOUR WEALTH

Insights

Preserving and Growing Wealth

CREATING A FINANCIAL PLAN THAT SUITS YOU—AND FUTURE GENERATIONS

REGIONS
PRIVATE WEALTH MANAGEMENT

SUMMER 2023

Sharing Your Financial Guidance

Legacy planning is a topic that often comes up in conversations with our clients, and with good reason. Deciding how your wealth will live on after you're gone is an essential part of maintaining a legacy over decades and generations. But when it comes to the next generation of wealth, one thing that we all need to be aware of is how our children and other heirs are different from ourselves. Decisions about inheritance and estates need to not only account for laws and taxes, but also personalities.

In our cover story for this issue, **"Strategies for Preserving—and Growing—New Wealth"** (page 16), we look at ways you can help your family's next generation steward wealth. The article provides valuable insight into how your heirs—whether they're Generation X, millennials, Generation Z or younger—might be thinking about wealth.

Elsewhere in the magazine, we consider the future of your family business and explore the intersection of next generations and business transition planning. We also address considerations for women and solutions for managing your land assets.

Additionally, I'm excited to announce *Insights* magazine's redesign. Throughout the magazine, you'll notice a new look, engaging themes and a fresh approach to telling our story—all with the goal of providing you with great advice, guidance and education on what matters most to you.

It's summer, so go enjoy the weather with your family. But when you have a minute, carve out time to talk to your heirs—and your Wealth Advisor—about the future. As always, we appreciate the opportunity to serve you and your family. Be well, be kind and stay focused on the things we can control.

LESLIE CARTER-PRALL

Executive Vice President and Head of Regions Private Wealth Management

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Dotdash meredith

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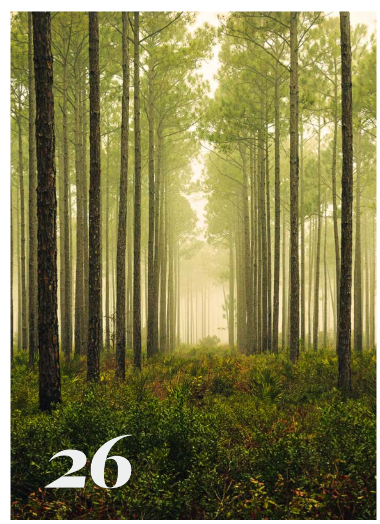
Perspectives on family legacy may not always align. More on page 10.



FROM TOP: THE VOORHES/GALLERY STOCK, KEVIN SKIPWORTH/GETTY IMAGES

Intelligence

WHAT YOU NEED TO KNOW FOR YOUR MONEY, FAMILY & LIFE

ILLUSTRATION BY CHRIS BUZELLI

GEN Z STASHES THEIR MONEY. About half of Generation Z, those born between 1997 and 2012, has hit the workforce, and the early signs point to them being serious about saving. Research shows that a whopping 67% of Gen Z workers are taking advantage of employer-sponsored 401(k) accounts. Their median contribution is 20% of annual pay. They also started saving early—at a median age of 19.

What the Political Climate Means for Your Finances

HERE'S WHAT TO DO—AND WHAT NOT TO DO—WITH YOUR INVESTMENTS IN 2023

With Republicans in control of the House and Democrats in control of the Senate and White House, you may wonder what divided government could mean for taxes, regulations and the economy, not to mention your portfolio and wealth plan. We asked Cindy M. Campbell, Senior Wealth Strategist at Regions Private Wealth Management in St. Petersburg, Florida, how you can separate the noise from sound investment practices. These are excerpts from our conversation.

The Markets

"In the past, a divided government has led to stability in the markets because there weren't a lot of legislative changes that impacted investing," says Campbell.

Inflation and the Economy

A divided government is unlikely to have much effect on rising prices. The Federal Reserve, which is taking steps to battle inflation, is independent. "The Fed is going to do what the Fed is going to do, regardless of a divided federal government," Campbell says. As for the U.S. economy, she says, "There's still a chance of a recession."

Tax Policy

Changes to retirement laws passed late in 2022 start going into effect this year. Beyond that, Campbell says, "We don't think we'll see anything else this year that would impact taxes." Looking ahead, she adds, "We might see a fight in 2025 over expiring tax rules."

Regulations

One of the biggest issues that's likely to be discussed in Congress relates to environmental, social and governance (ESG) investing, with battles over what ESG disclosures companies need to make. Republicans may also push to undo what they see as excessive regulation, Campbell says, adding, "Whether that goes anywhere is another question."

90%

Sof people think we'll see more political conflict in 2023.

What To Do (and Not Do)

With so many unknowns, Campbell says investors would be wise not to overreact. Instead, use this time to consult with your advisor and make sure you're on track to meet your financial planning goals. ▲

ILLUSTRATION BY DANA SMITH

Moving On After a Break Up

4 TIPS FOR MANAGING A LATER-IN-LIFE DIVORCE

Gray divorces, which happen later in life, can create challenging circumstances.

Wealth usually becomes commingled during a marriage and therefore becomes a marital asset, which can be subject to division. One partner might have taken time away from their career to care for kids or aging parents. Even a temporary leave may significantly affect earnings potential when they reenter the workforce. Divorcing after the age of 50 leaves fewer years to rebuild a retirement nest egg. And this is often a time when people experience more health-related issues.

Here are four key actions to take during a divorce.

1 Do Some Financial Housekeeping

Gather account numbers and other details of the financial assets for which you now will be solely responsible. It's important to review the beneficiary designations and make sure they reflect your current wishes. You will also want to check any joint accounts to ensure they have been retitled to reflect sole ownership.

2 Build a Wealth Plan

A critical element of a solid post-divorce wealth plan is ensuring that the assets retained in the settlement are invested based on your new needs and goals. Your optimal risk exposure and asset allocation may change significantly due to a divorce.

3 Understand the Tax Consequences

Divorce also has tax implications. For example, child support typically is not tax deductible or taxable, but assets a spouse receives in a divorce settlement could be subject to taxes. That's often the case with retirement plans, as any withdrawals may be taxable.

4 Review Your Estate

Ensure that assets will pass to children and grandchildren as intended, even if one parent remarries. Certain types of trusts can help. ▲

YOUR WEALTH PLAN

BRYAN KOEPP

Wealth Planning Executive

"Any major life change, such as marriage or divorce, should prompt a discussion of your overall wealth plan with your Regions Wealth Advisor."

▲ *For key takeaways about managing your wealth, look for these boxes throughout the issue.*

YVONNE RÖDER/PLAINPICTURE, ILLUSTRATION BY KAGAN MCLEOD

HOW DOES TWO-FACTOR AUTHENTICATION WORK?

ADDITIONAL SECURITY MEASURES TO KEEP YOUR ACCOUNTS SECURE

With some of your personal information present in your online accounts, it makes sense to use every available security tool to protect yourself. "Single passwords are not enough anymore," says Ivana Cojbasic, Chief Information Security Officer for Regions Bank.

One important security solution is two-factor authentication, which verifies any attempt to log in to your account. In most cases, the first step is your username and password. The second step requires an additional piece of information. Here are a few examples:

LEARN MORE
For more insight, contact your Regions Wealth Advisor

Code Via Text Message

A one-time code is sent to your mobile phone. You then enter that code into the account's website or app to access. These codes may only be active for a short period of time.

Authenticator Software

A program continuously generates a one-time code that randomizes after a set interval. Many banks offer authentication apps to their customers. "At Regions, we have a few different software authenticator applications," Cojbasic says.

Biometrics

If you currently use your fingerprint, voice or facial recognition software to unlock your mobile phone, then you're already well-acquainted with biometrics. As voice- and fingerprint-recognition technology spreads and face scans mature to become cheaper and more convenient, these technologies may provide a new means of authentication.

Are Two Steps Enough?

Even with two-factor authentication, people need to be wary and use common sense. "Success still depends on the end user and how conscientious they are about choosing their passwords and changing them regularly," says Cojbasic.

ILLUSTRATION BY GARY NEIL

OUR EXPERTS

Is It Time to Go Abroad?

HOW INTERNATIONAL INVESTMENTS IN EMERGING MARKETS COULD BENEFIT YOUR PORTFOLIO

Investors in the United States might feel justified in asking—given the dominance of the American economy and the breadth, depth and liquidity of our markets—why they should invest in international markets. But in doing so they may be ignoring the bigger picture. On a broad basis, the markets in the United States tend not to move in lockstep with those in other countries, so adding international diversification may lower the volatility of a portfolio.

What are some benefits and downsides of heading outside the United States in the current market?

ILLUSTRATION BY KAGAN MCLEOD

BY ANDRE FLORES
Internal Portfolio Manager

Embracing a Global Mindset

While the United States has led the market for investors in the last decade or so, it is reasonable to believe we are approaching a turning point in a U.S. equity–led market. Ignoring the potential of international investments can cause investors to miss out on country-specific opportunities.

A quantitative reason to look toward international investment as a means of diversifying is that the economy is more globally focused than it has ever been before. A threat to consider that is affecting the current global economy is the war in Ukraine, which is negatively affecting trade and forcing companies to bring supply chains on shore. While this is a factor, businesses are still competing on a global scale and earning revenue from all parts of the world.

The Upside of Emerging Markets

When considering international diversification, investors should also confront the decision of whether to invest in emerging markets versus developed non-U.S. countries. Emerging markets are countries that are on the way to becoming developed countries and are commonly looked at as an investment with potential for higher growth.

Qualitatively, emerging markets can be seen to have some highly educated populations, which allow companies to hire a high-quality workforce at a much lower cost than would be possible in a developed economy.

TALK TO YOUR WEALTH ADVISOR about whether international investments could be right for your wealth plan.

Balancing Potential Risks

Many of the risks associated with investing in international markets are tied to emerging markets. While emerging market funds offer investors the potential for greater returns if implemented in a long-term investment strategy, there is also the potential for greater losses.

Emerging market investments can be more volatile, which can often be attributed to currency risk, swings in commodity prices, political instability and changes in monetary policy. In the current global economy, emerging markets are facing tighter financial conditions and may have higher risks of capital outflows.

An investor seeking diversification abroad has the option to invest through some combination of international funds, global funds, regional funds and emerging market offerings. ▲

MAKING SENSE OF THE CRYPTOCURRENCY MARKET

REGULATION AND RISK IN THE 'WILD WEST' OF FINANCE

"The cryptocurrency market is still pretty chaotic," says Michael Moorefield, Asset Management Systems and Operations Analyst for Regions Bank. "Of course, chaos does bring some opportunities, and this market is going to continue developing. But due diligence will be necessary if you're thinking of investing in cryptocurrency. Otherwise, you're just gambling."

The crypto market's volatility is related to a variety of interconnected factors, including its lack of history, current lack of binding regulation and the presence of bad actors. "It's no surprise that SEC Chair Gary Gensler referred to crypto markets as the 'Wild West,'" says Moorefield.

Cryptocurrency is also not immune to greater forces in the financial market. "The Fed and other central banks have been hiking rates. That's going to negatively impact any risk-on assets, and cryptocurrencies are among the riskiest," says Moorefield. "Central banks absolutely have an indirect role in how the crypto market performs and interacts with itself." Volatility also is likely with any market still in its infancy.

Yet another factor is the very real risk presented by scams and frauds, the recent FTX exchange scandal being just one of the most high-profile examples. "Long-time players in the crypto space are all too familiar with scams or 'rug pulls,' as they're commonly referred to. If you stick around long enough, you're almost expected to be caught up in one at some point," says Moorefield.

Unfortunately, though, no amount of regulation will do much to deter someone who is a criminal at heart. "That's why, as with any investment, it is imperative to understand what you own and understand who holds it," says Moorefield.

MORE INSIGHTS
Scan with your phone for more about crypto.

ILLUSTRATION BY BRIAN STAUFFER

5 MOVES TO HELP CREATE A FAMILY LEGACY

BUILDING A LEGACY TAKES EFFORT, BUT PASSING DOWN YOUR VISION IS INVALUABLE

"Building a true family legacy that protects your family's wealth requires detailed planning and ongoing oversight and management," says Phillip Furlong, Wealth Advisor with Regions Private Wealth Management in Knoxville, Tennessee.

Here are five tips to help you get started—and to discuss with your Wealth Advisor.

1 Know Your Opportunities

Many individuals and families miss out on key opportunities to transfer their wealth more effectively and be tax efficient.

What to discuss:

- How your and your spouse's assets are titled
- The optimal time to exercise stock options

2 Review Your Plan Regularly

You should revisit all your financial paperwork upon any major life event in your family—birth, death, marriage, divorce, business startup, job loss or new job.

What to discuss:

- At what age kids are considered old enough that you should change your will
- Whether your estate can cover an immediate need

3 Choose a Non-Family Executor

Many individuals and couples automatically choose a child, another family member or a friend to be an executor—but that may not always be optimal.

What to discuss:

- Whether your child or friend wants this responsibility
- Ways in which a professional might be suited for the role

4 Customize Your Plan

"All people—and all children—are different, so it's important that estate plans address heirs' individual needs," Furlong says.

What to discuss:

- Ways you might be equitable, but not equal, with each of your children
- Caring for your current spouse as well as your kids from a previous marriage

5 Prepare Your Heirs

Communication is a key part of ensuring your heirs are ready to take the reins, and failing to do so comes with risks.

What to discuss:

- How to educate your heirs about your complex assets
- Ways to start a conversation with your heirs about how much they might inherit

What Does FDIC Protection Cover?

The FDIC, or Federal Deposit Insurance Corporation, protects depositors of insured banks located in the United States against the loss of their deposits if their bank fails. The standard deposit insurance amount is $250,000 per depositor, per insured bank, for each account so-called ownership category.

Trust, fiduciary and custodial accounts are not at risk during a bank failure because they are separate from the bank's assets, and they do not become liabilities of the bank. These accounts—and assets—always remain the property of the account holder and beneficiaries, and are not subject to any bank creditors.

For more details, talk to your Regions Wealth Advisor.

ROMAN FORQUY/GALLERY STOCK

REGIONS DISCUSSES

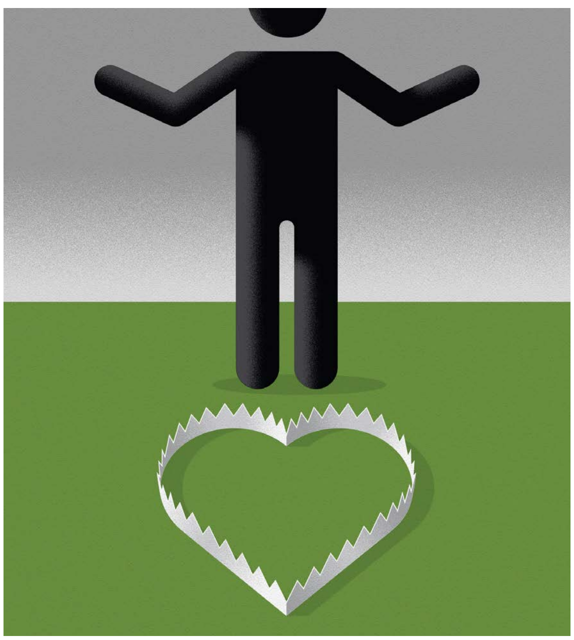
How to Fight Fraud

WHEN IT COMES TO FRAUD, IT PAYS TO PAY ATTENTION. HERE'S WHAT OUR EXPERIENCED PROFESSIONALS ARE SAYING.

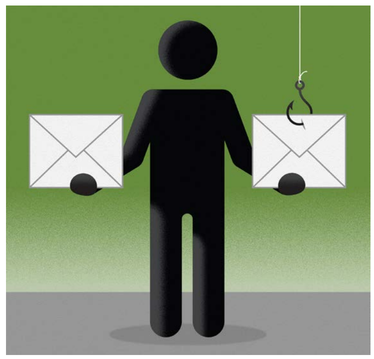
ON ROMANCE SCAMS

"Everyone can potentially fall victim to a romance scam. If you are out there looking for love, you are a potential victim. But with that being said, most of the victims that I've seen are middle-aged to older. They seem to be a little more susceptible to these crimes."

— **Bryan Clark**
Senior Corporate Security Investigator



WHAT TO DO: If a family member appears to be falling victim to a romance scam, contact your Wealth Advisor.



ON BUSINESS FRAUD

"When it comes to business fraud, business email compromise is still number one. You know, it used to be where you had the impersonation of a company executive. But now scammers have progressed into more intrusive and, quite frankly, more difficult-to-detect forms, such as the impersonation of an employee or a vendor."

— **Jeffrey A. Taylor**
Head of Fraud Forensics and Commercial Payments Strategy

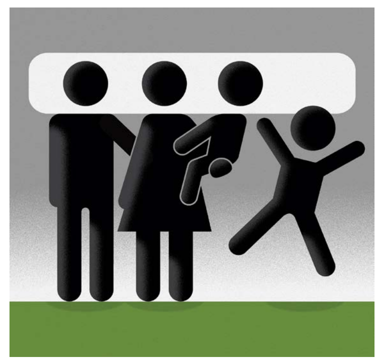
WHAT TO DO: Tempted to respond to a strange email? Stop what you're doing and confirm that the email is legitimate.

ON CRYPTO SCAMS

"Because cryptocurrencies are so new and the technology and the lingo are still evolving, a lot of people can get caught up in something and not really understand what they're investing in and end up giving money to a scammer. Investors are taking on the risk of losing their funds permanently if they're involved in something like that."

— **Ryan Owen**
Portfolio Manager

WHAT TO DO: Talk to your Wealth Advisor about any potential crypto investments before you send a single dollar.



ON FAMILY SAFETY

"People who see your profile on social media can figure out where you live, your interests, your children's names, your pet's name and your birthday, and use that information to get the answers to your security questions. Making information available to the public can create its own set of risks."

— **Aimee Chester**
Wealth Advisor

WHAT TO DO: Call a family meeting with your kids and discuss the implications of sharing information on social media.

ILLUSTRATIONS BY THOMAS FUCHS

Investing With Perspective

MARKETS—AND THE ECONOMY—ARE UNSETTLED. HERE'S WHAT TO DO NOW.

No one will be surprised when we say that 2022 was a brutal year for investments of all kinds. Stocks, bonds and almost every other asset class sustained losses amid soaring inflation and aggressive monetary tightening by global central banks. It seemed like there was nowhere to hide.

What, if anything, should investors do to weather the storm or take advantage of opportunities as they unfold in the markets?

GETTY IMAGES (2)

First, don't panic. "The worst thing you can do is hit the eject button at the exact worst time," says Alan McKnight, Chief Investment Officer at Regions Bank in Atlanta, Georgia. "As humans, we're very bad at making decisions, particularly when markets are more volatile."

Unfortunately, it happens all too often. This tendency to panic has been well documented in the field of behavioral finance.

Focus on Basics

Get back to the core of investing: your wealth plan. Review your goals and your time horizon. Consider how much risk you're willing to take to achieve those goals. Schedule a check-in meeting with your investment team and consider what actions, if any, are appropriate to take now.

"It's a great time to look inward," says Bryan Koepp, Wealth Planning Executive at Regions Bank in Atlanta. "Review your balance sheet and understand it. What are your assets and why do you hold them? What's their purpose? From there, ask: How can I make it better based upon my defined goals and aspirations?"

What Does the Investment Horizon Look Like?

There's good news and bad news on the market outlook. The good news is 2022 is behind us. The bad news is we can expect more volatility in the near future.

"I believe we'll see continued deceleration in corporate earnings in the United States as inflation remains stubbornly high, which drives costs higher for most companies," says McKnight. Couple that, he says, with valuations resetting along with slower revenue growth and consumer demand slowing down.

"I expect volatility to continue in both the stock and bond markets as investors parse out the Federal Reserve's path," McKnight adds. "We believe the Fed is more likely to pause on rate increases later in the year but not actually pivot by cutting rates."

On the bright side, bonds have already dealt with the most aggressive rate increases in decades, leaving yields much higher. McKnight describes the U.S. equity and bond markets as "the best houses in a bad neighborhood," with the global economy slowing and prospects appearing worse elsewhere. For that reason, he advocates a heavier weighting to domestic U.S. stocks and bonds.

Alternatives Remain Attractive

Real assets, including infrastructure, timberland and farmland; real estate investment trusts (REITs); commodities; and master limited partnerships can round out a diversified portfolio, particularly while inflation remains a concern.

"From a holistic perspective, including alternatives in addition to traditional investments, such as equities and bonds, often reduces the risk or the standard deviation of your 'life portfolio,'" says Koepp. "Diversifiers may also reduce overall portfolio volatility, but they should always be considered from a client-prescribed perspective."

Make Liquidity Exposure Intentional

Just as with asset allocation, the mix of each investor's liquid and illiquid assets is a key consideration. "Investors should be aware of their liquidity exposure and make decisions and allocations around liquidity," says McKnight.

Consider how much liquidity you have in both your public market and private market portfolios. You should also be aware of unintentional sources of illiquidity, such as owning a company or private real estate. For example, you could own real estate directly (an illiquid form of asset ownership) or through REITs (a far more liquid approach). Which form of ownership is right for any given individual should be considered with the larger portfolio in mind.

Having sufficient cash flow is always important, and that should be a holistic consideration.

Regular Checkups Are Encouraged

To stay on top of market risks, opportunities and exposures, McKnight and Koepp suggest that clients meet with their advisor at least annually.

"There are different schools of thought," says Koepp, "but from a wealth planning perspective, I would encourage multiple projections during the calendar year, as well as in conjunction with any impending major life event."

"We think regular portfolio reviews are a best practice," says McKnight. "It's less about short-term performance or making reactive moves and more about the risk that is experienced and making sure people are on track and comfortable with their plan. It's important to note that people are prone to make changes to their portfolio solely because it feels better in the short run. However, it might not be in an investor's best interest, and very often, we miss out on better returns by not staying the course." ▲

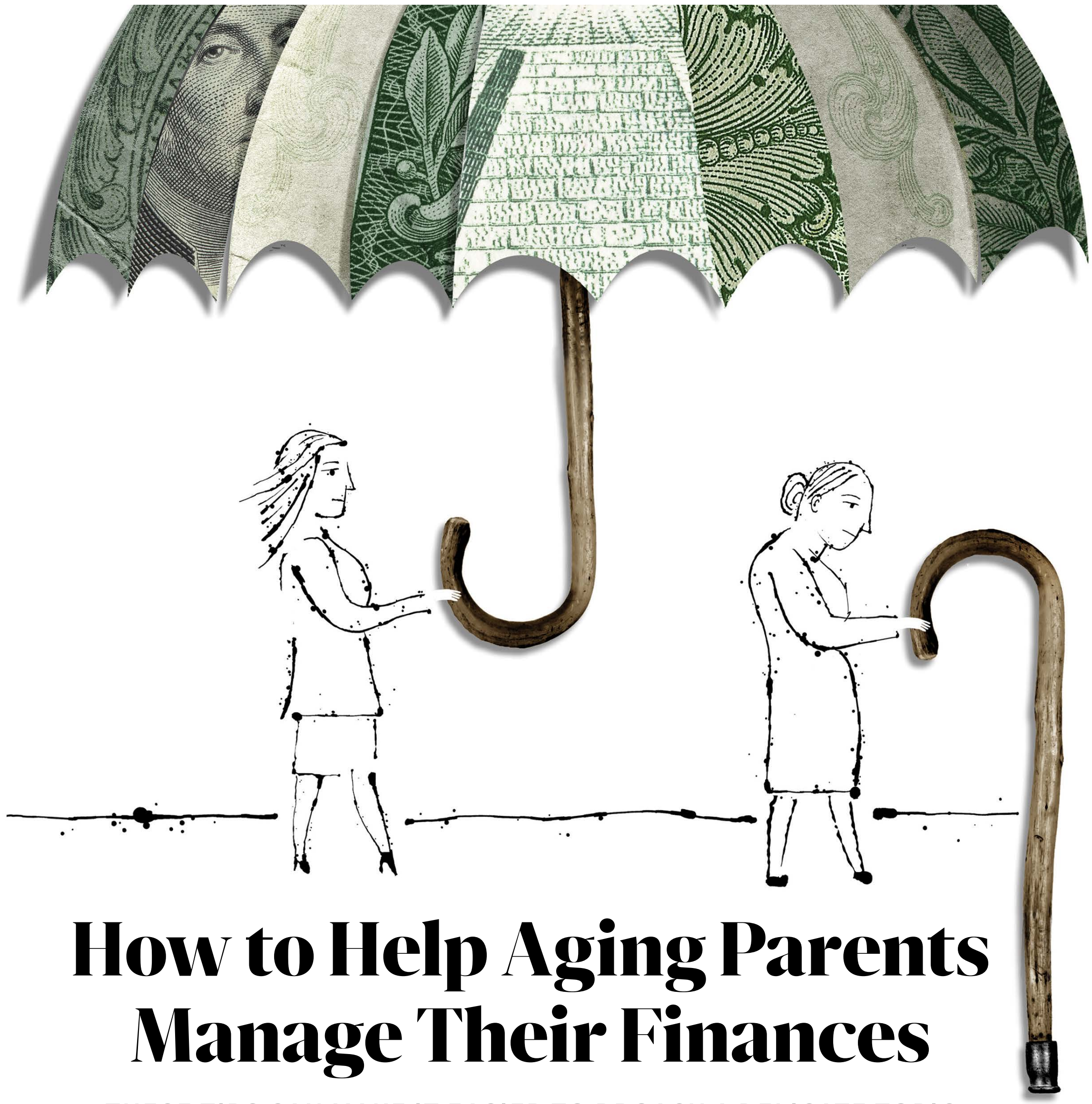
ALAN McKNIGHT
Chief Investment Officer at Regions Bank

ILLUSTRATION BY KAGAN MCLEOD

TALK TO YOUR REGIONS WEALTH ADVISOR ABOUT

1 How your long- and short-term financial goals may have been impacted by the recent market volatility.

2 Whether rebalancing your portfolio makes sense this year.



How to Help Aging Parents Manage Their Finances

THESE TIPS CAN MAKE IT EASIER TO BROACH A DELICATE TOPIC

It can be one of the most difficult conversations you ever have with your parents. But as they get older, talking to them about their finances may constitute one of the most important conversations you have.

They're not likely to ask for assistance. Acknowledging the need for help is hard for any of us, but may be especially so for those who are used to caring for—and not being cared for by—their children, says Destinee Sanders, a Private Wealth Advisor with Regions Bank in Birmingham, Alabama. "That role reversal can be difficult to negotiate."

Avoiding the discussion could lead to serious complications and extra legal hurdles in the future. So it pays to adopt a measured strategy. Here are some practical guidelines to follow.

Start Early—and Go Slowly

While the right time to broach the topic of your parents' finances is different for every family, a good idea is to begin while your parents are still independent and capably managing their affairs.

Breaking the ice can be tough, so Sanders recommends starting with a relatable story. "You can tell them about a friend who went through some issues with one of their relatives and talk about how you'd really like to avoid that for them. It's a less intrusive conversation starter than what you might inherit one day."

MIGUEL DAVILLA/THEISPOT

Ask About the Essentials, Not the Money

Build trust from the outset. Until you and your parents have reached an understanding about your role, steer clear of the details about their financial accounts and assets.

Instead, start by asking about their estate plan and other plans for the future, in case they're unable to care for themselves. "Everyone needs to have a will, power of attorney and a health directive," says Sanders. Confirm that these key documents exist and find out where they are kept, who else has copies and who is designated to have power of attorney or act as their health-care proxy. If your parents work with financial advisors, lawyers, CPAs or other professionals, ask for their names and contact info.

Ease Into Money Management, Too

The more assets—especially complex ones—that your parents own, the more you may need to learn about their portfolios and day-to-day finances. But no matter how complicated, go slowly. Start with the basics: how they pay their bills and how they store passwords to their accounts.

Then—without pushing for hard details—you can ask about the income they use to pay their bills, and what they own and owe in general terms. "As with every other step in this process, maintaining trust with your parents will be critical," says Sanders. "Establish why you need to know the basics before you consider asking for account details."

Remind Them About Fraud

Elder fraud is a serious and growing concern. The FBI reports that over 88,000 victims lost a total of $3.1 billion to various scams targeting seniors in 2022. No matter how savvy your parents may be, Sanders notes, it's essential to touch on this subject. "Tell them, 'When in doubt, if there are calls, emails or texts about your financial information, don't respond. Call me, your bank, attorney or another trusted professional.'"

Additionally, you can share notices and best practices about avoiding scams.

Ask to Meet the Team

If your parents prefer to rely on trusted wealth managers, CPAs, attorneys or other professionals to help manage their money, you should have the names and contact information of each—just as you would for the professionals who handle their estate planning. "It's smart to tell them, 'If you're not comfortable sharing financial information with me, all I ask is that you have a good team. And I need to know who those people are,'" says Sanders. "And ask for an introduction. It's a reasonable request: We always tell our clients, 'We want to know your kids, too.'"

Communicate and Automate

If you see signs that your parent or family member has stopped exercising sound financial judgment, consider what steps you might take and seek counsel from a lawyer and financial advisor. If you are authorized to act on their behalf, set up automatic payments on their accounts and arrange to receive copies of their account statements.

Make sure you remain transparent about all actions you're taking on your parents' behalf. Keep clear, updated records of every transaction you facilitate. Save receipts and document all expenditures you authorize. ▲

LEARN MORE
For more insights, contact your Regions Wealth Advisor.

YOUR WEALTH PLAN

BRYAN KOEPP
Wealth Planning Executive

"For Gen X and millennial families, the difficulty of managing parents' needs might be compounded by the needs of children. A feeling of being 'sandwiched' between responsibilities is normal and impacts each of us differently. If you are having these feelings, work with your Wealth Advisor to keep your goals in perspective."

CARING FOR AN OLDER AMERICA

The U.S. Census Bureau projects that 21% of the U.S. population will be 65 or older in 2030—up from 16% in 2019. There has been a corresponding rise in the need for caregivers.

53 million
adults provide unpaid care to an adult with health or functional needs.

32%
of midlife adults provided regular financial support to a parent in the past year.

54%
of surveyed midlife adults gave more than $1,000 to a parent in the past year.

Sources: U.S. Census Bureau; National Alliance on Caregiving; AARP research. "Midlife," in the study noted, is ages 40–64.

ILLUSTRATION BY KAGAN MCLEOD

Strategies for Preserving—*and Growing*—New Wealth

As Gen X—an often-overlooked generation—takes on greater leadership and gains more affluence, now's the time for a step-by-step financial strategy for all future generations

Wedged between the larger and louder baby boomers and the much-ballyhooed millennials, members of Generation X (born between 1965 and 1980) have sometimes struggled to get noticed at all. While boomers defined postwar America in all its optimism, and millennials (now the biggest generation by numbers) are redefining life as the first fully digital generation, Gen Xers were once famously described as "America's neglected 'middle child.'"

Yet that image is changing as Gen Xers, ranging in age from their early 40s to their late 50s, assume a greater share of the nation's leadership in everything from politics to wealth. They occupy about 35% of

A portfolio should be designed with your risk tolerance in mind.

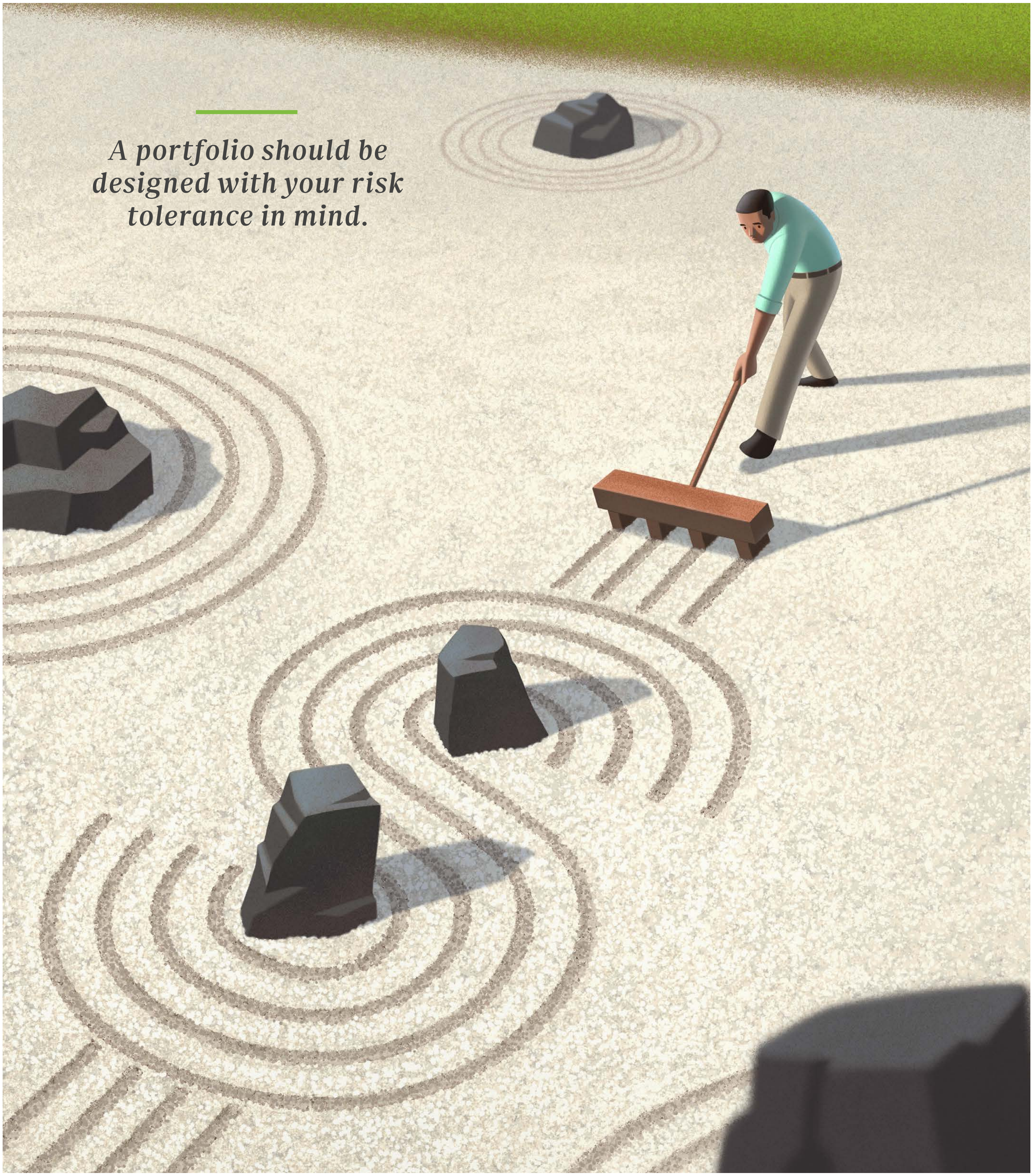


ILLUSTRATION BY JOHN KRAUSE

seats in the Senate and House of Representatives, for example. As they come into inheritances and reap the rewards of their entrepreneurial and professional success, Gen Xers now control more than $42 trillion in personal wealth. As a result, members of this generation are taking a larger role in managing their own—and the nation's—wealth. Some inherent qualities and experiences make Gen Xers well-suited for the role.

Though still in mid-career, they've endured numerous global financial upheavals, including the Great Recession, and assumed outsized responsibilities as a "sandwich" generation, supporting the needs of their parents and kids while navigating their own lives. "Still, the challenges of wealth stewardship require a concerted approach to organizing and managing short-term and long-term needs," says Tony Allen, Senior Vice President and Private Wealth Leader at Regions Bank in Birmingham, Alabama.

If you count yourself among Gen X or a younger generation, the following ideas could help you meet your own goals and instill strong financial values for generations to come.

Think Digitally

Though they're the last generation to have experienced adulthood in a pre-internet world, Gen Xers came of age amid the digital transformation and are apt to be more comfortable than boomers at embracing its conveniences. That comfort gives Gen Xers the freedom to manage wealth from anywhere. If you haven't done so already, your Wealth Advisor can help you set up a full suite of digital tools, including secure online and mobile banking, money transfer and bill paying options, text banking, automatic alerts and notifications regarding account balances.

Beyond the freedom and convenience digital tools offer, having all of your information (from one or multiple

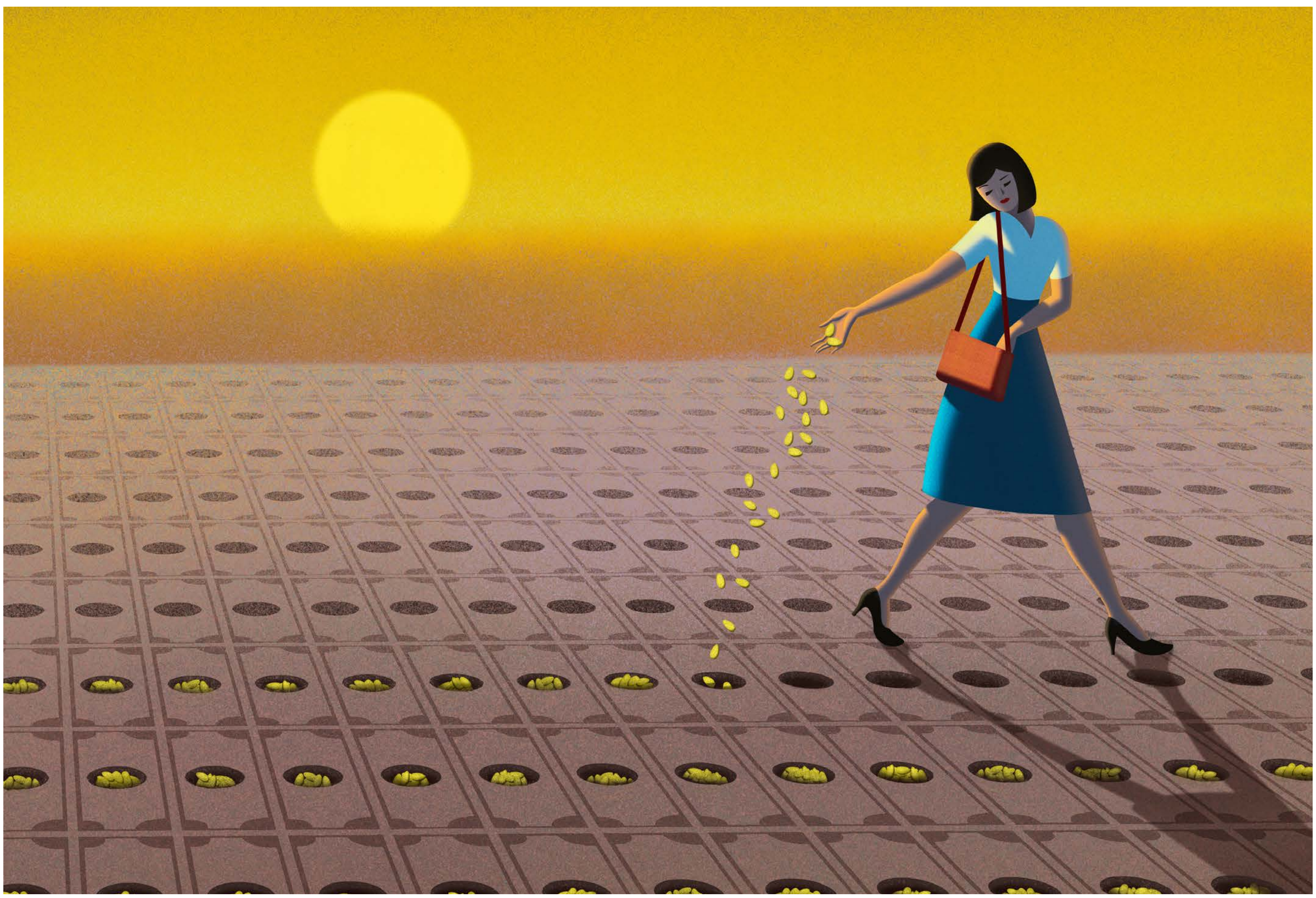


ILLUSTRATION BY JOHN KRAUSE

financial institutions) in a single, secure portal can help you organize and manage your finances, track your savings and spending, establish and maintain a budget, and monitor cash flow.

Assemble the Right Team of People

"As comfortable as digital transactions become, they're no substitute for the value of professional guidance," says Allen. A digital-only approach may not address the nuances of your personal situation and could leave you turning to friends and family for ideas and strategies. This may be especially true if you come into sudden wealth, through either an inheritance or professional success. "However well-intentioned a friend's advice may be, an experienced Wealth Advisor can help you consider opportunities and risks in a balanced way and build an investment portfolio designed to grow and help you pursue your goals, while managing risks," says Allen.

Additionally, your Wealth Advisor can act as the captain of a team that includes estate and trust specialists, attorneys and tax professionals who, together, will view your money, your family and your goals from every angle, and suggest the best ways to prepare for the future.

Clarify Your Goals

Managing your wealth over your life is easier when you have clear destinations in mind. "Even if you're certain you already know what you want to achieve, taking the time to write down your goals and how much time you have to achieve them can help sharpen and clarify your objectives," says Allen. Then, you can identify which priorities are most important and gauge the resources needed to get there.

Retirement is a good place to start. "Though your working days are far from over, the sooner you start planning, the better," says Christopher E. Ritchie, the Private Wealth Market Leader for Arkansas. At what age do you hope to retire? Where will you live, and what lifestyle do you envision? Will you travel extensively, continue working part time or volunteer? While these goals will continue to evolve, considering them now can help you determine what to set aside in taxable and tax-advantaged accounts, and how to invest in order to provide the income you'll need after you stop working.

Next, list important needs that may arise sooner. Perhaps you envision a mid-career switch to a pursuit that pays less but fulfills a dream. Or you hope to purchase a vacation property while ensuring you'll be able to support education for your family. Even if your children are still very young (or you're planning a family but haven't started), it's never too early to start a tax-advantaged 529 savings plan to meet the rising costs of education. Money you put into a 529 can grow and be used for tuition or other approved education-related expenses for children, grandchildren or other beneficiaries.

Build a Diversified Portfolio

However you've gained wealth, whether through the sale of a business, an inheritance or other means, protecting and growing it requires a strategic plan. "Spontaneous, fad-based decisions could put your money at risk, especially if you're inexperienced at managing wealth," says Allen. At the other end of the spectrum, inaction can be just as problematic. For example, keeping all or most of your money in shares of a single company or property poses outsized risks, should those assets decline in value.

The best approach is to diversify your wealth in a portfolio that contains a broad mix of assets of different types, whether stocks, bonds or alternative investments. Your Wealth Advisor can help you build a portfolio that creates opportunities for long-term growth, generates income and mitigates risk.

A portfolio should be designed with your personal risk tolerance in mind. "Regardless of what your portfolio contains, if the risks have you tied in knots with worry, you may want to adjust to a mix that feels more comfortable," says Ritchie. As your comfort level increases, you'll be more likely to resist selling when you shouldn't. Indeed, making a commitment to stick with your plan is just as important as starting one. "When investors react to market swings with emotion, they tend to make poor investment moves, such as buying high and selling low," he says.

Set a Course for Tax Efficiency

Any financial decision you make will have tax implications. Considering these carefully before acting can help ensure you have more money to pursue your own adventures and to support the people and causes you care about. One straightforward example is making sure you contribute the maximum allowable amounts to 401(k)s, IRAs and other tax-advantaged retirement savings accounts. Also, think carefully about which investments should be held inside or outside those accounts. Investments you hope will grow over time may especially

TONY ALLEN

Before he was a Private Wealth Market Leader, Allen was a Trust Advisor for 15 years and a Wealth Advisor for 10 years.

CHRISTOPHER E. RITCHIE

Before he was a Private Wealth Market Leader, Ritchie was a Trust Advisor for 12 years and a Wealth Advisor for nearly six.

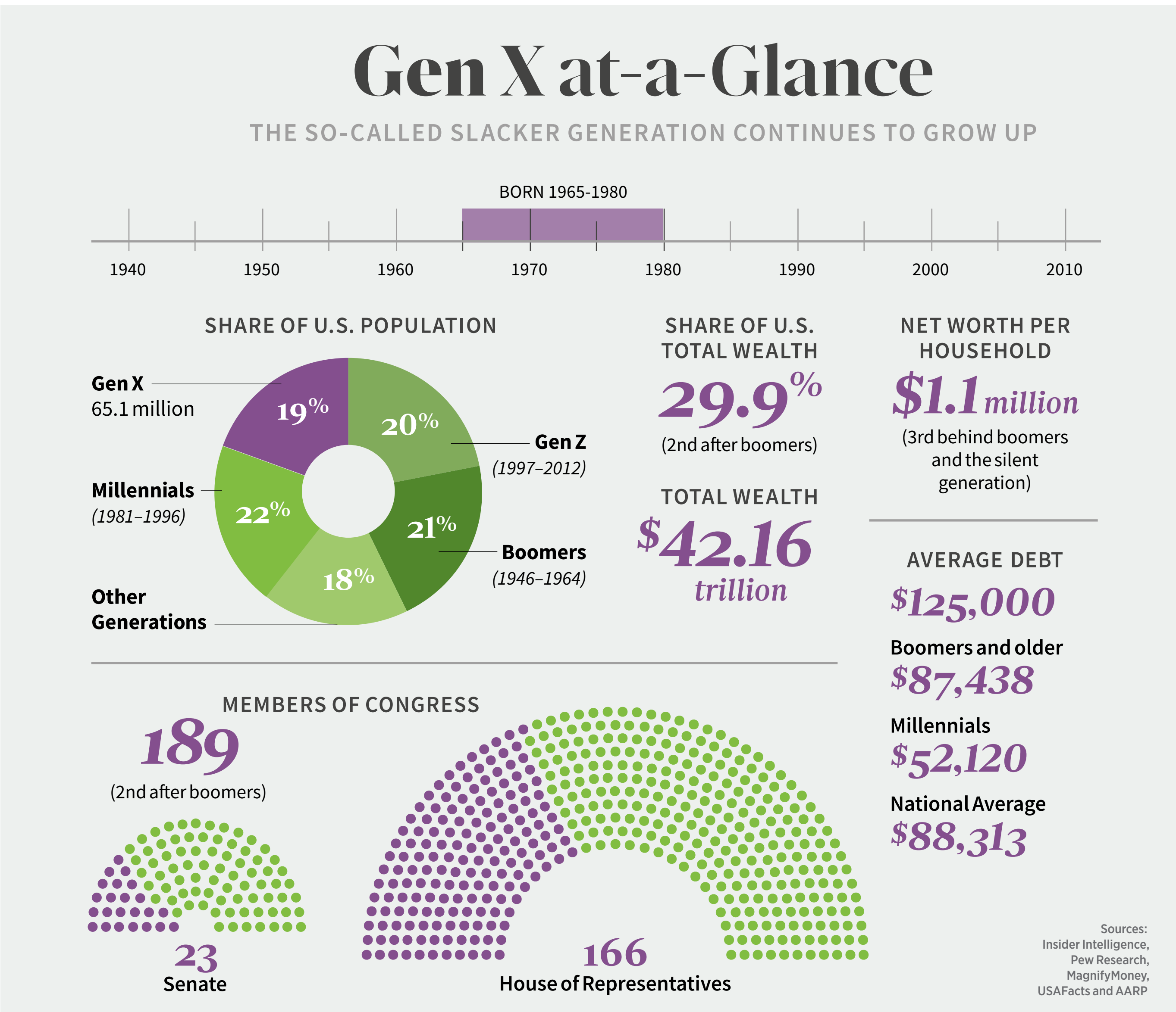
PORTRAIT ILLUSTRATIONS BY KAGAN MCLEOD

benefit from tax protection. Other investments, such as municipal bonds, which already come with tax advantages, may be best held in taxable accounts.

If much of your wealth is concentrated in a single asset, such as shares of a company or a large real estate holding, selling off pieces of those assets and investing elsewhere could help you diversify and reduce risk, as mentioned above. “But be careful about selling too quickly,” Ritchie says. “If the asset you own has climbed in value, a sale may trigger significant capital gains taxes.” Your team may be able to suggest strategies for selling over an extended time, in a way that diversifies your holdings while minimizing capital gains.

Anticipate Health-Care Costs

With medical costs rising each year, health care is another area where long-term tax efficiency can make a difference, Ritchie notes. Consider creating a tax-advantaged health savings account, or HSA, to help you meet estimated out-of-pocket health-care expenses



in retirement—though you can only contribute if your current health insurance is a qualified high-deductible health plan. Contributions, investment growth and withdrawals for qualified medical expenses are all potentially tax-free.

Any funds in your HSA can roll over year to year and be invested to grow over decades, making this kind of account a particularly powerful way to save for future medical expenses. And while it may be hard right now to envision a time when you'll need it, studies show that 70% of Americans over age 65 will require long-term care.

Have open conversations about money, your views on wealth and values.

One way to cover current medical expenses with tax-advantaged dollars is to open a flexible spending account, or FSA. An FSA enables you to put income you won't be taxed on into an account, sponsored by your employer, that you can use to meet health-care expenses not covered by your medical insurance. The downside: FSAs generally require you to spend most of your contributions by the end of the year or risk forfeiture. Your team can help you consider the options.

Consider Your Legacy

Your 40s and 50s are good times to consider what you'd like your wealth to achieve beyond your lifetime, whether supporting your children, grandchildren and future generations, or your long-term philanthropic goals—or all of them. To start, be sure to create a will if you haven't done so yet. Or, if you have a will but haven't reviewed it recently, make sure it reflects your current circumstances and wishes. "Updating this and other legal documents will ensure the right people and organizations will benefit from your wealth and that your preferences for how it's distributed will be honored," Ritchie says.

You might speak with your Wealth Advisor about ways that trusts could help protect your wealth for the next generation and beyond. Irrevocable trusts can help ensure that distributions will go to beneficiaries you designate, and can protect assets from outside creditors, ex-spouses (in case your beneficiaries are divorced) and others. In short, "a trustee oversees the trust and applies a standard for distributing the assets according to your directions," Allen notes.

At the same time, your team can help you identify your charitable goals and create a tax-efficient plan that maximizes the impact you can have. That may include creating charitable trusts and/or a donor-advised fund, or DAF. With a DAF, for example, you can make a large, upfront contribution to offset a spike in income in a given year, and then distribute the proceeds at a pace that you see fit.

Pass Down Your Financial Wisdom

As you prepare yourself financially for the years ahead, use what you've learned to help the next generation get a leg up on financial fitness. According to one frequently cited study, adults save only about half of what they inherit. Instilling sound budgeting, spending, saving and investing habits in your kids will likely pay off in the long run.

Start by having open conversations about money, your views on wealth and your values. "While portfolio strategies and tax efficiency are important," says Ritchie, "preserving wealth across generations also involves instilling in the next generation the values that went into building that wealth." ▲

TALK TO YOUR REGIONS WEALTH ADVISOR ABOUT

1
How trusts could help protect and preserve your wealth over generations.

2
What your financial and personal goals are. How does your retirement look different from your working life?

ILLUSTRATION BY JOHN KRAUSE

Planning for Transition in Uncertain Times

TACTICS AND STRATEGIES FOR SUCCESSFULLY EXITING YOUR BUSINESS

JOHN FEDELE/GETTY IMAGES

If you're the leader of a family-owned business, chances are you're thinking about the future of your company. "Who will take control of the business and manage it the way I would?"

The importance of this question cannot be overstated. In fact, Dennis Tygart, Senior Wealth Strategist at Regions Private Wealth Management, estimates that 70% of privately held businesses will pass to new owners in the next 10 to 15 years.

The reason? Many family-owned businesses are led by baby boomers who are near—or beyond—typical retirement age.

A new leader could be an employee or family member.

Many owners who had planned to transition their businesses years ago were stymied by the economic headwinds of the global financial crisis and, more recently, the pandemic. "We had an economic crisis and then we had COVID," Tygart says. "You have business owners who are just now getting to that point where they're ready to think about passing the reins to someone else."

Small business owners who would like to see their businesses continue operating have a couple of options: Sell to an outsider, such as a private equity firm or a competitor, or pass the business to family members or employees. Transferring your business to your next generation or a trusted employee can be gratifying, but it can also be more complicated than selling. Here is how you may want to start.

Plan Early and Communicate Your Plan

For an internal transition that's as successful as your business has been, time is your best ally. "Realistically, if you're at that point where you're saying, 'OK, I'm going to transition within the family,' expect a three-to-five-year process," Tygart says.

The transition is a years-long process because of how much you'll likely have to teach your successor. You're putting a development plan in place for that next generation, running them through the different roles in the business and giving them a concentrated version of what you went through to build the business in the first place.

Before you kick off your plan, confirm that your intended successor actually has their sights set on the job. Communication can help you avoid being blindsided.

Identify the Most Efficient Transition Strategies

Once you know to whom you're transitioning your business, it's important to find the most efficient and effective way to move forward. Most small business owners can't afford to transition their entire business to the next generation. When that business represents the bulk of your net worth, you may need some of that wealth to help fund your retirement. If you cannot afford to transition the business, one option is to gradually gift shares of the business to successors.

Alternatively, if you want to retain control of the business while you pass it on, you can create and gift non-voting shares, which can later be converted to voting shares at your discretion. "The children, or successors, can't sell them to anybody, and they don't get to make decisions about the business until you're ready," Tygart says.

Business owners might even lend money to their children or employees, or owners may execute an installment sale where the purchase is spread over a number of years. Bank financing is also a common solution.

Determine the Value

Determining your business's value can help you decide how—and when—to proceed. Valuations can be informal, or you can get a more comprehensive one, which you may need for tax purposes. With an internal transition, it's important to note that the IRS carefully examines intra-family business sales. A valuation by a qualified valuation advisor helps ensure compliance with IRS rules and regulations.

"Buy-sell agreements between family members, for example, must have formal valuations because the IRS may contend that a 'sale' was undervalued, potentially avoiding or reducing the taxes that would otherwise be owed," Tygart says.

Plan for Your Own Life

Whether you sell your company outright or maintain a revenue stream from it during retirement, your plan needs to provide you with enough income to support your desired lifestyle.

A common challenge for many owner-operators is that they've never managed a transaction of this magnitude. How you structure the sale, the timing of the transaction and the type of company you're selling will affect the taxes you'll owe. With sufficient time to prepare, your Regions team can assemble the professionals you need to help ensure that the time and passion you invested in your business pays off in a future as bright as the past. ▲

YOUR WEALTH PLAN

BRYAN KOEPP

Wealth Planning Executive

"When you transition your business, your balance sheet may change significantly. In situations where your net worth and income change suddenly, you should take time to review and update your financial goals."

MORE INSIGHTS
Scan with your phone for more business strategies.

ILLUSTRATION BY KAGAN MCLEOD

How to Steer Clear of Common Financial Pitfalls

FOR WOMEN, IT'S TIME TO LOOK CLOSELY AT INVESTING STRATEGIES, HEALTH-CARE COSTS, DEBT AND MORE

BY ANNA PRIESTLY

Trust Advisor at Regions Private Wealth in Shreveport, Louisiana

When it comes to financial planning, the stakes are high for women. We earn less on average than men do, and we are more likely to take breaks to care for our families—both of which can leave us with smaller retirement plan balances. Yet given women's longer life expectancies, we need to stretch our savings further. Here are five common financial challenges women face—and tips for overcoming them.

Lower Earnings

According to Pew Research, women earned 82% of what men made in 2022. This pay gap can make planning for retirement tougher since even seemingly small differences in the amount of disposable income you have available to save can have a significant impact on your retirement nest egg.

WHAT TO DO: Be active. That means don't wait to ask for a raise or promotion that you deserve. It also means that you shouldn't use your previous salary range as a benchmark—research what is competitive. And always get a competing offer so you can negotiate.

A Later Start

Women tend to start saving later than men do—and are less likely to save at all. A 2022 survey by Transamerica found that 72% of working women are saving in a workplace retirement plan, compared to 82% of men. The impact of a late start can be significant. Using the 401(k) calculator on regions.com, we estimate that a woman who

TRUMZZ/GETTY IMAGES, AMAAL SAID/GETTY IMAGES, ILLUSTRATION BY KAGAN MCLEOD contributes 10% of her $75,000 annual salary for 30 years (adjusting for inflation) could retire at 65 with $656,000 in savings. By starting five years earlier, her retirement savings would be more than $923,000.

WHAT TO DO: Start saving whatever you can, particularly if your employer matches your contributions. Then increase your contribution rate by 1% of your income every year.

Investing Too Conservatively

An S&P Global survey found that only 26% of American women own stocks, favoring cash or cash equivalents like bonds and money market accounts instead. Investing too cautiously can hold you back over the long term because cash, while low risk, has historically delivered lower returns than stocks.

WHAT TO DO: Taking appropriate levels of risk may yield more savings in the long run. Work with a Wealth Advisor to assess your risk tolerance and create a portfolio built around your goals.

Higher Health-Care Costs

Women spend far more on health care every year than men do, according to 2019 research by the Kaiser Family Foundation. And because women live longer, they typically spend more on health care in retirement and may need more long-term care later in life.

WHAT TO DO: With a high-deductible health insurance plan, you can set aside tax-free dollars for health care in a health savings account. Long-term care insurance can help protect against the financial risks of requiring extended care.

72%

of working women are saving in a workplace retirement plan.

26%

of American women own stocks.

Too Much Credit Card Debt

Women tend to have more outstanding debt on credit cards—one of the more costly types of debt you can have. This can have a significant impact on your financial health. According to recent research using Federal Reserve data, single women, on average, experience an 18-point lower credit score than single men with similar demographics.

WHAT TO DO: Focus on budgeting. Track your spending either with a financial app, a spreadsheet or with old-fashioned pen and paper—if you don't track it, you can't improve. Charge only what you can pay off every month and seek out credit cards with low interest rates for when you need to spread payments over time. The more reasonable you are with your spending, the more cash flow you'll have to invest, whether in your 401(k) or another investment vehicle. ▲

ROB AND JULIA CAMPBELL/STOCKSY, CATHERINE DELAHAYE/GETTY IMAGES

Management for Your Forest

ADVISORS FOR THE COMPLEXITIES OF NATURAL RESOURCES

"We are foresters by profession."

This isn't a statement you might expect to hear from someone who works for a bank. But at Regions, you'll find associates who can say just that. The Natural Resources and Real Estate group, part of Private Wealth Management, is made up of more than 40 professionals who manage timberland, farmland, mineral resources and other properties. Among them are foresters, geologists, farm managers and real estate professionals. Their mission is to help clients understand how these hard assets can help them meet their financial goals.

Jim Bates oversees the harvesting of a client's timberland.

KAREN BLEIER/GETTY IMAGES, INSET: COURTESY REGIONS BANK

Timberland: Where Biology Meets the Economy

"We have 15 foresters managing properties related to timber," says Jim Bates, Head of the Natural Resources and Real

Estate group at Regions. "Our clients have everything from small to very large parcels, with simple and complex ownership arrangements. Our goal is to apply our experience in the timber industry to help landowners meet their goals."

Imagine your child is about to embark on the college journey. Timberland harvesting timed right can help you manage these education expenses—and improve the health of the land. "We marry biology with economics for an optimal solution for our client and the environment," says Bates. "For every tree harvested, we plant a handful more."

Lessons in Land Management

Timberland and other natural real estate assets are often inherited, with the next generation having little understanding of the value of the land. Regions' foresters, with an average of 30 years in this industry, are accustomed to working in this complex environment. "We pride ourselves in helping educate our clients," Bates says. "This is really important for owners who inherit land and are not well versed in timberland and forestry."

With inherited land, the first instinct is often to sell. What makes Regions different is its ability to bring those assets under management and produce financial returns—for current and future generations. "Our job is to create and maintain value for our clients," Bates says. "Owners can generate income for all types of endeavors, including charitable giving. And, if you would prefer a sale, our teams can also facilitate that."

At one school event, Brooks Wall was joined by Alabama state Rep. Jim Carns, above. At another, Ben Whitaker was joined by Alabama state Sen. Dan Roberts, right.

Educating Future Foresters

Most members of Regions' Natural Resources and Real Estate group worked in other industries before migrating to financial services, so they know the nuances of natural resources and land management.

They also share their in-depth understanding and experience outside of the bank by participating in community events. For example, Brooks Wall, Farm Asset Manager, and Ben Whitaker, Alternative Asset Manager, have educated kindergarten students throughout Alabama about forestry and logging.

Bates, recently named head of the growing Natural Resources and Real Estate group, is responsible for approximately $2 billion of assets under management, including timberland, farmland, mineral interests and real estate. A registered forester with 24 years of experience, Bates joined the group in 2010. ▲

YOUR WEALTH PLAN

BRYAN KOEPP

Wealth Planning Executive

"If you are considering investments in timber, farmland or real estate, your Private Wealth Advisor can leverage some of the best natural resource professionals in the country to help you think through the possibilities."

INSETS: COURTESY REGIONS BANK (2); ILLUSTRATION BY KAGAN MCLEOD

Building Your Family Legacy

After you're gone, will everything you've accomplished and that you leave behind live on as embodiments of your values and wishes?

Legacy planning is about ensuring that you leave your family and loved ones more than just money.

Your Wealth Advisor can help you work toward making your wealth and estate plans reflect the things you and your family believe in the most.

Reach out to your Wealth Advisor and start a conversation today.