

## A TIME FOR GRATITUDE

I hope that you are enjoying your summer! As we safely emerge and return to some of our favorite activities, we are grateful to reconnect with our friends and clients.



**Daniel K. Carter**  
*President*

Relationships are our business. We serve our clients best by providing the best financial expertise during hard times and good times. We've seen the trust that clients have in our team during the uncertainty of the pandemic. That trust forms through valued relationships with clients and the greater community, and we are thankful for the vision of our founder to put people first.

As I wrap up my term serving as board chairman of the Knoxville Chamber, I am grateful both for the people I've met and the chance to serve Knoxville in areas of economic impact. The necessity of consistent, effective communication – even about

topics hard to discuss – was reiterated as the Knoxville Chamber transitioned to new leadership while enduring a pandemic. Internally we checked in regularly on the well-being and direction of our staff, and externally we communicated to the region about the chamber's commitment to diversity, inclusiveness and open communication. I feel that the chamber is reenergized and moving in the right direction to help our community thrive.

We live in a business-friendly community that is attracting a host of new enterprises. According to the Tennessee Quarterly Business and Economic Indicators report, the state saw the largest year-over-year gain for new business listings in the first quarter in the 28 years since data has been collected. Knox County was the third highest on the list.

We have much to be grateful for in 2021, and our team will keep building relationships and honing our expertise to serve clients. If you have any questions or comments, please reach out to me at [dcarter@thetrust.com](mailto:dcarter@thetrust.com).



*John Compton and Sharon J. Pryse at Zoofari on June 5. Photo credit: Temple Photography*



*Knoxville Chamber CEO Mike Odom and Daniel Carter.*





# In our communities

## EVENTS

### Sporting Clay Shoot

The fifth annual Avison Young Charity Sporting Clay Shoot was held at Chilhowee Sportman's Club on April 9. Randy Miller and Howard Jarvis joined The Trust Company's Grant Boyd and Jack Davidson to participate in the event. Proceeds benefited Meals of Hope with the goal of packing more than 10,000 meals for children in our area affected by food insecurity.



*Sporting Clay Shoot participants from left: Grant Boyd, Randy Miller, Jack Davidson and Howard Jarvis.*

### Random Acts of Flowers

Our staff enjoyed participating in Flowers After Hours at Random Acts of Flowers Knoxville on May 26. We learned how to create floral arrangements, which will brighten days for local nursing home residents.



### Garden Gathering

The Trust Company team gathered together again in the beautiful gardens of CEO and Founder Sharon J. Pryse on June 4. It was a great opportunity to cultivate culture and see each other in person.

*Senior Vice President Sheryl Linck with husband Garry Conklin at The Trust Company staff garden party.*



*Keys of Hope Luncheon remote table attendees from left: Lee Ley, Mary Rimer, Dorene Harrison, Amy Morton (host), Loree Skvara, Connie Hutchins, Missy Kane Bemiller, Susan Williams (host) and Mary Wahl.*

### Zoofari

Attendees enjoyed Cuban-inspired cuisine and cocktails at individual pods inside the zoo or virtually through Zoofari at Home. The night celebrated Cuban crocodiles and the new Clayton Family Amphibian and Reptile Conservation (ARC) Campus. The ARC is the largest and one of the most important projects in the zoo's history. The event raised more than \$1 million to support animal care, conservation and education programs.



*Chief Strategy Officer Jack Davidson with wife Rachel at Zoofari. Photo credit: Temple Photography*

### YWCA Keys of Hope

The YWCA Knoxville & the Tennessee Valley held its 11th annual Keys of Hope Luncheon on May 6, and The Trust Company of Tennessee served as a supporting partner and "Host of Hope" with a gathering at our Knoxville office. The event raised more than \$100,000 for the Keys of Hope program, which provides safe housing for women, improved employment and financial well-being, and life skills to prepare them for independent living.

### Broadway at the Memorial Auditorium

On June 7, Zach Hurst, vice president and managing director of our Chattanooga office, participated in the 2021-2022 season announcement party for the Broadway at the Memorial Auditorium series, sponsored The Trust Company of Tennessee. We welcomed the opportunity to support theatre's return and the Tivoli Theatre Foundation.



*Vice President and Chattanooga Managing Director Zach Hurst helps announce the Broadway series in Chattanooga. Photo credit: Atomic Films*

### Topgolf Live

The Trust Company of Tennessee hosted clients, friends and staff at the Topgolf Live Stadium Series event at the University of Tennessee's Neyland Stadium on May 20.



# Congratulations!

We celebrate Ashley's SHRM-CP certification, Lindsay's promotion, Thomas becoming an IRS enrolled agent, Zerconia's participation in Introduction Knoxville's Spring 2021 class, Christopher's graduation with Leadership Knoxville's Class of 2021 and our entire retirement plan services team for again being named a National Association of Plan Advisors (NAPA) Top DC Multi-office Advisor Firm with national recognition for retirement plan services.

## BRIEFS

### Trust Company establishes directorship at UT

The Sharon Pryse/The Trust Company of Tennessee MILC Directorship, created to endow a directorship within the University of Tennessee Knoxville Haslam College of Business for the Masters Investment Learning Center (MILC), has its first recipient – MILC Director Laura Cole, announced on April 1. The MILC provides hands-on, real-time learning about financial markets so students can access information from more than 174 countries and 360 exchanges to increase engagement and expand their savvy. The gift will have even greater impact since it is eligible for matched funds through the Haslam Matching Gift Program. We are proud to support financial education and the great things happening at the MILC.

### Lovett shares insight with KCHS students



**KNOXVILLE CATHOLIC HIGH SCHOOL**

The Trust Company of Tennessee strives to share expertise that builds financial confidence through education. Our team developed a brief curriculum for high school students in recognition of National Financial Literacy Month, which is observed in April. On May 4, Marie Lovett, client specialist and Certified Financial Planner, shared her expertise with economics students at Knoxville Catholic High School, including budgeting, saving and an overview of types of investments. The program launch was a success, and we look forward to preparing more students for their financial future.



**Ashley Bearden, SHRM-CP**  
*Human Resources Coordinator*



**Lindsay Cates**  
*Vice President Marketing*



**Thomas Cook, CFP®, EA**  
*Client Specialist*



**Zerconia Davis**  
*Customer Service Supervisor*



**Christopher Lambert**  
*Relationship Manager*



**Retirement Plan Services Team**

## SERVICE MILESTONES

We appreciate the dedication of our employees and want to recognize the following team members who are achieving milestone anniversaries this quarter.

### 5 YEARS



**Kelci Slagle, CFP®**  
*Wealth Specialist*

### 10 YEARS



**Libby Gourley**  
*Business Analyst*



# 'AMERICAN FAMILIES PLAN' TAX PLANNING CONSIDERATIONS

On April 28, the White House released the American Families Plan, which proposes \$1 trillion in spending and \$800 billion in tax cuts over a 10-year period. If passed, the plan largely will be funded by tax increases targeted for high-income taxpayers, raising an estimated \$1.5 trillion over a decade.



**Kristine  
Davenport,**  
**CFP®, CDFA®**  
**Relationship  
Manager**

It is unlikely that any changes will become effective until 2022, so the opportunity exists to plan ahead.

## Top individual income tax rate

The American Families Plan proposes an increase of the top individual income tax rate from 37 to 39.6 percent. If you are in the top marginal tax bracket (not officially known, but roughly above \$452,700 for single filers and \$509,300 for joint filers), you may consider:

### • 2021 Roth conversion

You may have previously decided to wait to do Roth conversions with your pre-tax savings until you are retired and in a lower tax bracket, but with tax rates at historic lows it may be worth doing a Roth conversion in 2021 at the current tax rates. Talk to your CPA about how this would impact your 2021 tax bill and how much you should convert.

### • Switching IRA/401(k) Roth contributions to pre-tax

Since tax rates have been so low in recent years, it was likely in your best interest – especially in earlier saving years – to pay taxes on your contributions by putting them into a Roth IRA or Roth 401(k). However,

with rates likely increasing it is a good idea to review this decision and see if it makes sense for you to switch to pre-tax savings, delaying paying taxes on those contributions until you make distributions in the future.

## Long-term capital gains

Another proposed change is increasing the highest long-term capital gains tax rate from 20 to 39.6 percent. When you also include the 3.8 percent Medicare tax, the top long-term capital gains rate would be 43.4 percent. To reduce your capital gains tax bill, you may consider:

### • Asset location

Investments that are more growth-oriented, such as equities versus fixed income, could be shifted into your tax-deferred investment accounts, such as IRAs and 401(k). Instead of having each account invested in the same way, taxable investors should review asset location to determine if their portfolio is best positioned for tax efficiency while still maintaining an overall asset allocation that makes sense for their unique goals.

### • Taxable gains budget

Delaying taking some capital gains off the table each year will likely only leave you or your beneficiaries with a heavy tax burden in the future (especially with the proposed changes to the step-up in cost basis at death). Instead, you should determine how much you are comfortable realizing in capital gains each year and discuss this with your advisor.

## Step-up in cost basis at death

Currently, in most cases inherited assets receive a step-up in cost basis at the original owner's death. This means that any unrealized gains that took place during the original owner's lifetime are not taxed to the beneficiary. Under Biden's proposed plan, this step-up would not be available for any gains over \$1 million (or \$2 million for couples). This change, as well as other

potential changes to estate tax laws in the future make it especially important to start thinking about the following strategies:

### • Take gains before death

As mentioned previously, now is a good time to come up with a plan for paying the taxes on your highly appreciated assets. If you don't spread out the taxes over your lifetime, it is possible that your beneficiaries will be straddled with a large tax bill at your passing.

### • Review your charitable giving plan

You may want to adjust which assets will go to your desired charities at your passing. Most nonprofits are exempt from paying taxes on appreciated assets, so consider gifting highly appreciated assets to charities and using other assets to leave a legacy for your loved ones.

### • Revisit your estate plan

How you leave assets to heirs plays a significant role in how those assets are taxed. As these proposed tax changes and any future changes to estate taxes are made, you should review your estate plan with your estate planning attorney to see if any adjustments should be made.

Much of the noise surrounding President Biden's proposed tax-changes are speculative. As negotiations unfold over the coming months, be prepared to act quickly without overreacting. Taxpayers impacted by the proposed changes should start coordinating an action plan with a trusted team of advisors (accountant, estate planning attorney, financial advisor) to identify current or possible future planning opportunities.

We're happy to get these conversations started now, so reach out to your relationship manager to discuss how the American Families Plan may impact you.

# Staff Spotlight

## KIM D. COCHRANE, CPA, CTFA, VICE PRESIDENT, TRUST OFFICER

Kim Cochrane works in wealth management and with trusts, focusing on special needs trusts, which are critical tools for families caring for loved ones with special needs to protect the individual's existing benefits while ensuring that they will be taken care of throughout their lives. Kim meets with potential clients to understand their financial needs and the specific needs of the disabled individual. She educates clients about trusts and what purposes they serve, then sets a plan to move forward.

"It's a continual relationship," Kim offers. "A part of me loves numbers and a part of me loves people, so this position is perfect – it gives me both."

### Kitchen tables, not boardroom tables

"'Corporate trustee' sounds stuffy with images of boardrooms, but Kim is in people's houses," Vice President of Wealth Management Matt Prince says. "She's at their kitchen table figuring out ways to fund accessibility needs such as house modifications and vehicles, help them find employment – the full gamut. You must have a passion to do this work – and she has it."

### Enhancing lives

"I was hooked on serving special needs clients with the first case I had," Kim shares. "The beneficiary

was 2 years old, and the family's apartment hardly had room for a wheelchair. The trust bought a house, which allowed more room to bring in physical therapists. They said she would never walk, but the trust paid for extra therapy programs and the roomier home gave her a place to thrive. Today, she's a teenager, walking and running and has a job at a local restaurant. In my heart, I know that without the trust, she wouldn't be where she is today."



Kim has been with our firm for 20 years and holds a bachelor's degree in social science from Appalachian State University. She also studied accounting at Old Dominion University. She's a member of the Knoxville Estate Planning Council and Knoxville Downtown Kiwanis Club and previously served on the boards of Ijams Nature Center, Knoxville Downtown Kiwanis Club and Senior Citizens Home Assistance Service.

Kim also enjoys outdoor activities including biking, paddle boarding and pickleball, along with spending time with her three grandchildren.

## CONTINUING EDUCATION

For more information and to register, visit [thetrust.com/events](http://thetrust.com/events).

Aug. 24:  
**Principles for  
Endowment  
Management  
and Investing**



Aug. 26:  
**How the SECURE Act  
2.0 Could Impact Your  
Retirement Plan**

Sept. 30:  
**Does Your Retirement Plan  
Help Recruit, Retain and  
Reward Employees?**



July 27:  
**Estate Planning for  
the Disabled and  
Aging Population**

Aug. 24:  
**Balancing Income  
Tax Planning and  
Estate Tax Planning**

Sept. 21:  
**Directed Trusts:  
Risks and  
Liabilities**

## Tastes of the season: **CORN CASSEROLE**

*This corn casserole is an easy fixin' served alongside barbecue or your favorite summer fare.*

### Ingredients

1 can cream style corn	½ stick butter
1 can whole kernel corn, drained	2-3 tablespoons sugar
1 box Jiffy Corn Muffin Mix	1 cup shredded cheddar cheese
½ white or yellow onion, chopped	

### Instructions

Coat a casserole dish with nonstick spray.

Add all ingredients except butter to casserole dish and mix well to combine.

Slice half stick of butter and place on top of casserole.

Bake in preheated 350-degree oven for 15 minutes and stir.

Bake for another 30 minutes or until center is set.

