



# Trust Company of Vermont

## Quarterly Update

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Chris  
Cassidy  
CEO

THE BEST PART OF MY DAY usually takes place around 7am. I make my two-year-old daughter breakfast and she comes downstairs to read books and eat. I get to read *The Very Hungry Caterpillar*, *Quick as a Cricket*, *Llama Llama* and *Elephant and Piggie* while she listens and munches on her pancakes and fruit. We get to share funny facial expressions and giggle together. It's wonderful.

As parents, we like to think about our children's future, and the happy moments we could share together. I sometimes think about what it might be like dropping my daughter off at college for the first time. How teary-eyed will I get? These thoughts motivate me to diligently contribute to her 529 College Savings Plan each year. 529 Plans allow for tax-free growth and state tax credits, and can be easily managed on-line.

I also wonder what her first job will be. In my teenage years I did everything from farm work to masonry work to sprinkler pipes to basketball camps. One great way to help a child save for retirement is to set up a Roth IRA for them when they get their first paycheck. As with a 529 Plan, Roth IRA assets grow tax free. A one-time \$7,000 investment at age 16, earning 8% per year, grows to \$446,664 by age 70.

I have the privilege of attending three weddings later this year, and I can't wait. I absolutely love weddings. I love the food, the speeches, catching up with friends and family and dancing with my wife

(even though I am quite possibly the world's worst dancer). When I attend weddings now, my focus is on the parents' speeches and the parent-child dances. More than anything, I hope that I can one day walk my daughter down the aisle and share a special dance with her. Unfortunately, weddings have gotten insanely expensive, and paying for them is no small task. My colleague Jeanne Blackmore did a newsletter article on 2503 (c) Trusts and Crummey Trusts as an additional savings vehicle for the next generation. As a result, I set up a small trust for my daughter. Hopefully, it will help pay for a future wedding, so that I can show off my (lack of) dance moves in style.

Although we like to ponder happy future moments with our children, nobody likes to think about dying and not being able to experience these milestones with their kids. However, contingency planning is very important, and one way to achieve this is by designating a guardian as part of a larger estate plan. My wife and I went through this exercise just before the birth of our daughter.

This month, my colleague Livia DeMarchis has written a wonderful article of all the variables to consider when selecting a guardian. While I sincerely hope that my wife and I are around to see our daughter's school years, working years and maybe even a wedding, it gives me peace of mind knowing we have a guardian in place should something happen to us. ■





## WHAT TO EXPECT Your initial Estate Planning appointment



**IT'S GETTING TO BE COUNTY FAIR TIME** in New England, a highlight of summer for many of us. The one I attended as a youngster was the North Haverhill Fair, Grafton County, New Hampshire. What I loved about the fair, and still do, is the overload of enticing choices, all in the same place and all at once. Even the most discerning among us have at least one reason for going to the fair. Some folks go just to eat: French fries with vinegar, maple cotton candy on a paper cone, gigantic deep-fried onions as big as your head. Some (usually different than the folks doing the eating, but not always) get the all-rides pass and go on everything twice, once in the daytime and then again at night, when the lights are on. Some shop the leather goods, or the junk jewelry, or the deals on riding mowers. Some are there to show their horses, or drive oxen, or herd sheep. There's music. Games of chance. Races. Crafts. You get the picture, and I hope it's one you have enjoyed for yourself.

Today I am going to discuss an entirely different event, one perhaps lacking the sensory joy of the county fair, but one approached with an equally divergent set of aims and expectations by the clients who attend it: the initial appointment with your estate planning attorney.

There are many reasons you might decide to visit an estate planner. Maybe there is a recent change in your life, such as a new spouse, or a new baby to provide for. Maybe you have specific ideas about who should receive your property, and on what terms. Maybe you are focused on minimizing taxes and want to make sure your affairs are in tax-efficient order. Maybe you know of a recent death among your acquaintances or extended family, and you want those who will deal with your

own passing to have a different, or the same, experience. Maybe you want to plan ahead for possible incapacity at the end of your life, including deciding who will handle your finances for you and who will make the medical decisions you would make for yourself if able.





Maybe you are concerned about preserving your assets for your family in the event you need expensive nursing home care.

Your attorney will consider your estate—the entire “picture of you”—through all these lenses and more, and this is one good reason not to try to create your estate plan at home, using a kit you saw advertised on TV or a form you downloaded from the internet. To get the most from your appointment, be prepared to explain the reasons that bring you to the meeting, but also, be prepared to consider additional features of estate planning that might not be at the forefront of your mind. For example, many clients requesting a Will or a Trust will be asked if they have a Durable Power of Attorney and an Advance Directive for Health Care in place. It makes good sense to consider and execute these documents along with others you may be signing, so you know that all the pieces of your plan interlock and pull together as they should.

Some attorneys ask new clients to fill out an extensive questionnaire before the first meeting; others find they gain more useful information by asking their questions in person. Either way, the attorney needs to understand three things – Who, What, and How – in order to make your work together meet the gold standard: a valid estate plan that is clear, multi-functional, and true to your intent.

**WHO:** Who are the people in your life? Names, ages, relationship to you? Of these people, whom do you want to receive your property? Where do they live? What are they like? What help will they need after you are gone? Who are you counting on to help you? Are there charities you care about and want to benefit? It may seem odd, but especially if you have no close family, your attorney will be very glad to have a family tree, going out at least as far as your first cousins or until there are living relations to list.

**WHAT:** What do you own? What do you expect to receive? You could come prepared with a list, or with a collection of documents: account statements, deeds, life insurance policies, annuity and pension and retirement account information, including any existing beneficiary designations and pay-on-death designations. The advantage of a list is that it's easily reviewed during discussion, and approximate account values are all that's needed. The advantage of a stack of documents is that the attorney will eventually need to know exactly what your ownership interest is and how assets are titled, and the documents will show those details. If you are a current or future trust beneficiary, bring a

copy of the trust. If you have a business, or a valuable collection of any sort of objects, bring details. A copy of your latest tax return is also very useful.

**HOW:** This is the practical part of the plan that brings the “Who” and “What” together. Think of an estate plan as made up of layers, somewhat like a deep-fried bacon-topped Oreo.

You will provide the content of the “dispositive” layer: the instructions that tell your executor or trustee how to distribute your assets. There might be assets remaining in trust for a beneficiary who has special needs; there might be a right to reside in your house for one person and eventual ownership of the house for a different person. The possibilities are many. Your attorney's job for this layer is to listen to what you want, point out solutions you may not have considered, and make sure your instructions, once settled on, are unambiguous and easy to follow.



Jenny  
Rowe  
Esq.

Your documents may well include a substantial tax planning layer, and perhaps also an asset protection layer. When your attorney knows your circumstances and your concerns, he or she will have a good idea of what needs to be included, and will be able to help you sort through the pros and cons of various options. Other trusted advisors may have suggestions for you also.

While your documents may include, for greater clarity, some basic statements about your intentions, a Will or a Trust is not the place for airing your opinions. Rather, you are speaking by doing when you pass on your assets.

Finally, remember to take the long view: this is your initial estate planning appointment, not your only one. With few exceptions, your documents are not set in stone. A review and possible update is a good idea every five years or so, or whenever there is a major change in your life. Your priorities will shift over time. One day you'll find yourself sitting in the shade at the fair, munching a corn dog and watching people stagger out of the Gravitron with big smiles on their faces, and you'll realize that you're having a fantastic time, even though you haven't been on that thing in years. ■

# PEARLS of wisdom



Todd  
Gray

**AFTER 38 YEARS** in the investment management business, I am retiring from my position

as a Portfolio Manager. I have been given the opportunity to share any pearl(s) of wisdom that I have learned about investing over the years. Thus, I began a trip down memory lane thinking about what I have experienced over this time span. What initially stuck out in my memory was a lesson I learned early on that echoes the wisdom of Warren Buffett, who said, **"The stock market has a very efficient way of transferring wealth from the impatient to the patient."**

I happen to be one of those people for whom patience is not a natural trait. However, I learned early in my career the value of exercising patience when investing in stocks.

I began managing money in 1986, and my initial experience was that you bought stocks and they went up. I remember thinking how easy investment management was and how much I loved the job. Then came the infamous "Black Monday" on October 19, 1987. On that day, a substantial drop in stock prices happened across the globe starting with the Asian Markets, then Europe and later the U.S., with the S&P 500 Stock Index dropping by more than 20% in a single day from 283 to 225. As an inexperienced portfolio manager I can tell you that my opinion of my job changed dramatically. Thus, I learned my first lesson: everyone is a great stock picker in a bull market! Fortunately, thanks to sound advice from my older and more experienced colleagues, I did not act on my inner voice, which was screaming, "Sell, sell, sell!" If I had been impatient and sold, I would have turned the "paper" decline in the value of my clients' stock holdings into a "real" loss and prevented them from

participating in the market gains of the following years. Ten years after “Black Monday” the S&P 500 Index had gained more than 325% from the closing price on October 19, 1987. As I write this article on May 9th the S&P 500 Stock Index is trading at 5216, representing a gain (excluding dividends) of over 2200% since Black Monday. I have learned that patience is one of the most important attributes for successful stock investing.

A second pearl of wisdom is closely related to patience: the importance of maintaining a long-term perspective. As I think about the market events that have taken place during my career, I immediately call up all of the major negative events that have taken place, including economic and market downturns as well as natural disasters, terrorist events and most recently a pandemic. The focus on major negative events is, unfortunately, a natural trait for me, and it is a trait that many investors share, which keeps them from experiencing the full gains of the stock market over time. Trust me, I understand how difficult it is to be patient and to keep a long-term perspective when the value of your investments keeps declining and all the news you hear and read is negative. It is important to keep in mind that while in the long term the stock market is a great measuring device of the value of companies, in the short term the stock market can act very irrationally with prices being driven more by emotions than facts. The most successful stock investors historically have been those who have been able to maintain a long-term perspective and have used sharp market declines as a buying opportunity.

Thirdly, I have learned not to underestimate the resilience of the U.S. economy and the stock market. Although there have

been a number of those major negative events during the last 38 years that caused considerable consternation and fear at the time, our economy and capital markets have always rebounded strongly, moving on to new heights. My Trust Company colleague, Chris Chapman, now retired, wrote the following words, which have been a touchstone for me during market downturns:

**“The stock market’s long-term performance is an indicator of humanity’s resilience and capabilities. We have endured through many dire times including economic downturns, destructive wars, and natural disasters and yet have sprung back after each one. The motives to provide for one’s family and take advantage of opportunities have been prime drivers of recovery, adaptability, inventiveness, and growth.”**

In closing, I want to say what a pleasure it has been to work at the Trust Company of Vermont. After having worked for several large banks, the opportunity to work for an employee-owned company has been a breath of fresh air. My colleagues at the Trust Company are among the best I have had the pleasure to work with. Regarding our portfolio management team, I can assure you that these talented folks work diligently to identify high quality companies with substantial competitive advantages that will grow our clients’ wealth over time. So, during the next downturn I urge you to be patient with them and the markets, keep a long-term perspective, and remember the rebounds that have followed our worst times. ■

A N N O U N C I N G

with gratitude...



It is with immense gratitude that we bid a fond farewell to Board Members **Liz Bankowski** and **Peter Sherlock**!

Liz and Pete were among the founding board members of the Trust Company of Vermont and, during their tenure, saw the company from infancy to the company we are today. After 25 years of invaluable service to our company, both are retiring. Their guidance and support contributed significantly to our success, and they will be deeply missed. Liz and Pete, we are grateful for your wisdom and guidance through the past twenty-five years, and **we wish you the absolute best!**



## MY HUSBAND AND I

have young children, and it is difficult to contemplate them being raised by anyone besides the two of us. That said, if something were to happen to both of us, I take comfort in the fact that soon after becoming parents, we put in place an estate plan that names a series of individuals whom we've chosen to take over as guardian of our minor children. This article reviews the role of guardians for minor children and discusses some of the factors parents should consider in naming guardians through their estate plan.

Choosing guardians can be an emotional topic, and parents in the same couple sometimes have very different ideas about who might be best suited for the role. Unfortunately, failing to address the subject in an estate plan means that, in the event you pass while your children are still minors, they will be in guardianship limbo for a time, and a guardian will ultimately be chosen for them through a court proceeding. If you have minor children, it is important to be proactive about naming guardians in your estate plan so that making this important decision does not fall to strangers through the court system.

# Choosing Guardians

In addition, by naming guardians and discussing the issue among family as part of your estate planning process, you are helping to avoid potential disputes among family members about who should take on this critical role.

Parents can name their choice of guardian(s) and successor guardian(s) in a Last Will and Testament. The person or people named will ultimately need to be appointed by the court before their role is official, but identifying them in advance in estate planning documents provides critical clarity at a turbulent time and smooths the path forward for everyone. As long as a parent still has capacity, they can always change their Last Will and Testament to update the guardian line-up as circumstances change.

The primary duties of a custodial guardian are to provide a child with a nurturing home, assist the child with decision-making, and support them in ways appropriate to their age and abilities so that they grow into an independent and



responsible person. Among other things, a guardian will make decisions about a child's education and their physical and mental health. If the minor owns any property in their own name, then the guardian may also have financial guardianship responsibilities related to the minor's property. In general, though, where parents structure their estate plans to include an estate planning trust, their minor children do not inherit financial assets outright, and it is the successor trustee named in the estate planning trust who manages financial assets held in continuing trust for the minor's benefit. In these situations, it is important that the guardian and the trustee can build a good working relationship to communicate and coordinate on the minor's behalf.

In considering whom to name as guardian and successor guardian, there are a number of things to take into account:

**1 Name Back-Ups.** While it can sometimes be tricky to come up with even one individual to whom you would entrust your children, ideally, you should select two or more who can be named in succession. Naming successor guardians as back-ups helps provide security in the event your first or second choices aren't able to serve. Especially if you are choosing an older individual, such as your own parent, as the first guardian in line, it is important to name back-ups, and you can let your first-choice guardian know that they can decline in favor of someone younger if they no longer feel able to take on the responsibility.

**2 Parenting Style and Skills.** Whoever serves as guardian will need to be comfortable caring for children 24/7, as a parent would. Think about whether your chosen individual has kids of his or her own and understands the challenges and rewards of parenting. Consider whether their parenting philosophies and practices are in line with yours. If you name someone who has children of their own, also think carefully about whether your children will fit in with the other children in the family. Make sure

that you think your chosen guardian can handle both your children and their own.

**3 Living Situation and Location.** When someone becomes guardian, the children under their care typically move into the guardian's home. If you are considering a guardian who lives a long distance away, think about how a significant move might affect your children. Consider whether the guardian lives in a neighborhood with good schools, and whether there would be a significant change in culture in the new location. Does your chosen guardian move frequently, or do they have a stable living arrangement? Can their home accommodate more children? If not, do you want to leave them any assets to increase the size of their home to accommodate your children?

**4 Stable Job & Financial Situation.** Hopefully, parents are able to leave sufficient assets in their estate plan to provide some financial security for their minor children, ideally through a continuing trust that is funded with the parents' savings, life insurance proceeds, etc. However, it is important to consider a potential guardian's job situation and financial stability, because raising children is expensive. Serving as guardian will likely raise the guardian's living costs, and parents don't want to impose a financial burden on someone who is not able to handle it. Parents should also consider taking out term life insurance, which can be a good solution to this issue.

**5 Age & Stage of Life.** A potential guardian's age and stage in life is critical to consider. Younger candidates may not be in a stable enough place to take on the responsibility of children. They may be more focused on their own education and career advancement.



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Older guardians may not have the requisite health or energy to be a good choice. It's particularly important to think about health factors that could limit a potential guardian's life expectancy or ability to communicate with and understand the needs of your children. People often choose their own parents as guardians. While this may make sense, remember that your parents have a shorter life expectancy than someone your own age. Consider how old your parents will be when your children are teenagers and whether they will still be up to the challenges of parenting.

**6 Character and Values.** Choosing a guardian who holds the same morals and/or religious beliefs as you can be an important consideration. Parents may feel strongly that their child's guardian should continue to encourage participation in the family's chosen religion. While godparents are not automatically recognized as legal guardians, it is certainly acceptable to name them as legal guardians in estate planning documents. It should be noted that certain traits typically preclude a named guardian from being appointed by the court. For example, the court won't give the position to someone with a documented history of drug or alcohol abuse or to someone with a criminal record.

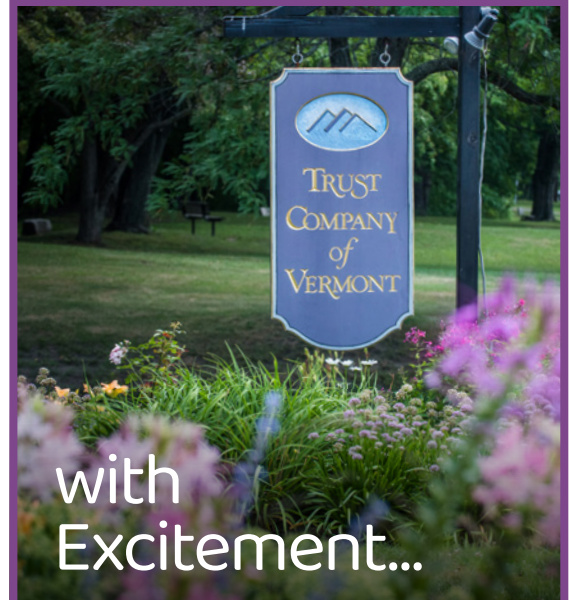
**7 Appointment of individuals vs. couples.** Parents often like the idea of naming both individuals in a married couple as co-guardians. If you want to do this, think about where your child would go in the event the couple divorces. Perhaps it is best to name only the individual from the couple with whom you have the closest relationship so that it is clear who remains guardian if the couple separates.

**8 Get your child's input.** If a child is mature enough, parents can consider asking them who they would prefer to have as a guardian. If a minor is a teenager, the court will likely ask them for their input before formally appointing a guardian in any event.

Finally, I note that whomever parents choose to name as guardian, it is extremely important to communicate with them ahead of time to let them know about the decision and to make sure they are comfortable with it. It can also be very helpful for parents to leave the guardian some written details, included in a separate letter or email, outlining their wishes about how their children will be raised. For example, parents can detail whether there are certain schools the children should attend, certain religious values that they hope will be instilled, certain sports or other activities that they hope can be promoted, certain people whom they wish (or do not wish) to be included in raising the children. Putting these preferences down in writing isn't a guarantee that they will be followed, but it can provide a helpful roadmap.

Even while you hope and expect that your careful planning will never be needed, you may find, as I did, that making and documenting your choices for your child's guardian will add to your peace of mind. ■

## ANNOUNCING



**Molly Dillon** and **Tammy Richards** were appointed to the Board of Directors of Trust Company of Vermont at the Annual Shareholder and Board Meeting, on May 17th. Molly and Tammy each bring a wealth of knowledge and professional experience that will complement our core business and corporate culture.

During her career, Molly held a variety of senior management positions within the Vermont banking community and most recently was the Deputy Commissioner at the Vermont Department of Financial Regulation, before her retirement in 2022. Tammy has over 28 years of experience in finance, business valuation and mergers & acquisitions. Tammy is actively involved in her community and is currently a board member of Brattleboro Memorial Hospital and The Brattleboro Development Credit Corporation. We are thrilled to welcome Molly and Tammy to our Board of Directors! Please visit our website for more detailed bios.

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