Trust Company *of* Vermont Quarterly Update

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Chris Cassidy
CEO

DECEMBER IS A DIFFICULT TIME of year for me. I have no issues with cold weather and short days, but I am one of the world's worst gift givers. I view myself as a generous person, but gifts make me uncomfortable and as a result I procrastinate.

When it comes to holiday shopping, I never do any advanced planning, always wait until the last minute, and then can never seem to find anything suitable for my loved ones. This horrible cycle repeats itself year after year. Thankfully, my wife is excellent in this area so our daughter will have plenty of exciting items under the tree, despite my shortcomings.

When something makes us uncomfortable, we tend to ignore it and hope that things will magically work out. This of course rarely ends well. For many people, it is money and finances that make them uncomfortable. This discomfort is understandable as personal finance isn't taught in school, and many areas of finance seem extremely complicated.

While the world of finance may seem complicated, making sound financial choices is more about planning ahead and being disciplined than it is about being extremely intelligent. The concept of paying for college is a scary thought, and if I ignore it until my daughter is eighteen years old, it probably won't end well. However, opening a 529 College Savings Account is about as easy to do on-line as shopping for gifts on your favorite retail website. $5,000 contributed to a 529 annually earning 8% grows to $202,231 after eighteen years. It takes some planning and discipline to open the account and save the money, but the result is a lot better than ignoring the problem and hoping it will magically resolve itself.

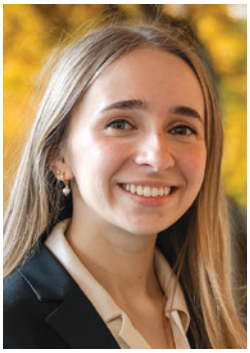
Saving for retirement requires similar planning and discipline. According to the Federal Reserve, the median retirement savings in the United States is only $185,000 for someone aged 55-64. As Chris Lafayette's article *Million Dollar Cup of Coffee* illustrates, you can achieve a far greater retirement nest egg than the median person with some advanced planning and a small amount of disciplined savings each year.

At Trust Company of Vermont, we are often asked by clients what they, their children or their grandchildren should consider when making smart financial choices early in life. Sofia Menyalkin has written a great article about financial choices and what to prioritize.

I would advise everyone to make this year the year when you tackle those uncomfortable financial items. Your future self will thank you. Oh, and if you are paired up with me in a gift giving pool, I advise you to draw another name. Otherwise, you may end up with toenail clippers, fruit cake, or cleaning products. ■

The young professionals bucket list

What to do when overwhelmed by the To-Do's



Sofia Menyalkin

HAVING GRADUATED from college this past May, I've been thinking about the many goals that young professionals might have, such as repaying debt, creating an emergency fund, and saving for future life benchmarks like travel, marriage, and a home downpayment. How does one realistically start funding each of these and establish their weight in terms of both financial and personal importance? From a logistical standpoint, which investment accounts and investment vehicles would be most fitting for each of these goals?

College graduates today are having a notoriously difficult time gaining financial footing. Over half are graduating with debt, and the current job market is being called one of the toughest in over a decade. According to educationdata.org, total average student loan debt for an undergraduate, including federal and private loan debt, may be as high as $42,673.

While students are taking on substantial debt to get degrees (taking borrowers an average of 20 years to pay off), large companies such as Nvidia, Google, Microsoft, and Meta are pouring billions of dollars into Artificial Intelligence. As a result, demand for labor— especially entry-level labor—has not kept up. Forbes reports that the unemployment rate for recent graduates reached 5.8% in March 2025, the highest since 2013, while all college graduates face an unemployment rate of only 2.7%. It's clearly difficult for many young graduates to find a job and start the many financial "to-do's" in the first place!

After debt repayment, the big four buckets that I've uncovered to grow one's savings (what one earns minus what one spends) are as follows:

Roth IRA

This type of retirement account is a great vehicle to start contributing to and maxing out as soon as possible. Although contributions are not tax-deductible, you will reap the benefits of years of tax-free growth! Prioritizing investing in a Roth IRA while you are at the beginning

of your career and in a low tax bracket is a smart move. For qualifying income levels, the 2026 contribution limits for individuals under and over 50 stand at $7,500 and $8,600 respectively. Prior to age 59 ½, should you have need, you can withdraw the extent of your own contributions, and even some of the growth, without penalty for special circumstances such as a first-time home purchase.

Employer-Sponsored Retirement Account

As an economics major, one phrase I often heard was that there's "no such thing as a free lunch." However, employer-sponsored retirement accounts are pretty close! By contributing a certain percentage of your paycheck, you can qualify for an employer-funded match. If your employer offers a Roth 401K plan, you can access tax-free growth in the future with higher annual contribution limits than a traditional Roth IRA.

High-Yield Savings Account

High-yield savings accounts have variable rates, similar to those of money market funds. When the Fed sets the policy rate higher, yields on these accounts typically go up as well, and vice versa. A high-yield savings account is recommended for the classic three-to-six-month emergency fund, designed to be very liquid and accessible. Interest is taxed as ordinary income. This account helps to provide peace of mind for that next Terrible, Horrible, No-Good Very Bad Day.

Brokerage Account

In my opinion, after paying off debts, building an emergency fund, reaping the benefits of the employer plan match, and contributing to your Roth IRA you can begin adding to an investment account - even just $50 or $100 (and more when able) to fund those "in-between" goals such as home down payments, weddings, travel aspirations, and more! To manage your expectations, understand that fulfillment of these goals will take time. Equity innately holds more risk than lower-growth but less risky alternatives.

I hope this helps you or your loved ones find direction in those first few years following graduation. If you have any additional questions, on your own behalf or on behalf of your loved ones, please feel free to reach out to your TCV team. We will be happy to discuss your situation on an individual basis and offer insights. ■

Chris Lafayette
CFA

The $1,000,000 cup of coffee

THE HOLIDAY SEASON has a way of sweeping us into a glittery, cinnamon-scented tornado of consumerism. Somewhere between the gift lists, the endless emails about "one-day-only" sales that somehow happen every day, and the pressure to find the perfect something for the person who already has everything, it becomes very easy to forget about the benefits of spending restraint. Yet the reality is, many of us can be generous in December precisely because we were intentional in our spending at other times in our lives. We got here by being just a little more thoughtful than the advertisements want us to be.

It was a simple mathematical exercise, taught to me at Burlington High School in 1999, that piqued my interest in finance. The demonstration was of compound interest or the snowball effect of investment gains leading to more gains over time. However, this lesson was missing another key element of wealth accumulation, as my kids often hear me say: "a penny saved, is a penny earned." It's admittedly hard to explain to them why saving the money they received from grandma might be wiser than purchasing the 10th item on their Christmas list. But big numbers have a way of impressing even young kids, so I give them relatable examples.

My children know that I have some frugal habits. I cut my own hair. I cut their hair. Does it always look like the handiwork of a master barber? Let's say: sometimes. I skip the guacamole at Chipotle, not because I don't love it—I do—but because I just can't bring myself to shell out $3 for a spoonful of mushed avocado. I generally bring my own lunch to work rather than forfeiting $12 for convenience's sake. But perhaps my most scandalous act against modern Americanism: I make my own coffee instead of buying it out.

I tell them, these tiny habits may not seem like wealth-building superpowers. Yet small choices, when repeated often enough and invested consistently, morph into something extraordinary. Consider, for example, the act of saving just eight dollars a day during the work week—five from packing lunch and three from making coffee at home. That's $2,000 a year in savings, the kind of number some people shrug at. But imagine investing that $2,000 every single year, across a 45-year career. This is where the magic kicks in.

Using the future value of a dollar can sometimes be confusing, so for this example I assume no inflation in the $2,000 annual savings and a "real return" on investments of 9%, again prior to inflation. Importantly, this means that the actual amount saved in future dollars would be far greater! Nevertheless, by the time one would reach standard retirement age—year forty-five—the reinvested savings reaches an almost absurdly large number for something that started with skipping a daily coffee run: $1,146,372.

Even my kids are surprised they could be a millionaire just by making their own coffee.

This is why compounding is sometimes called the eighth wonder of the world. It rewards consistency more than brilliance, patience more than luck, and small choices more than big gestures. Now this doesn't factor in that I once cut off the top of my son's ear while giving his hair a trim, and my cup of homemade coffee is probably inferior to a Starbucks latte, but I do treat myself sometimes, and the body has a remarkable ability to heal itself.

In a world where even the day after the holiday justifies purchases on Boxing Day, it's worth remembering that the most powerful financial tool you have is not your income, nor your investments, nor your ability to find the perfect deal. It's your ability to make small, intentional choices that have compounding benefits over time.

Those choices don't just build wealth. They build options. They build resilience. They build the kind of future where generosity is easier. And it all starts with something as simple as deciding, today, to brew your own coffee. In the long run, this might just be the best investment you never made. ■

Year	Annual Savings	Cummulative Savings
1	2,000	$2,180.00
2	2,000	$4,556
3	2,000	$7,146
4	2,000	$9,969
5	2,000	$13,047
6	2,000	$16,401
7	2,000	$20,057
8	2,000	$24,042
9	2,000	$28,386
10	2,000	$33,121
11	2,000	$38,281
12	2,000	$43,907
13	2,000	$50,038
14	2,000	$56,722
15	2,000	$64,007
16	2,000	$71,947
17	2,000	$80,603
18	2,000	$90,037
19	2,000	$100,320
20	2,000	$111,529
21	2,000	$123,747
22	2,000	$137,064
23	2,000	$151,580
24	2,000	$167,402
25	2,000	$184,648
26	2,000	$203,446
27	2,000	$223,936
28	2,000	$246,271
29	2,000	$270,615
30	2,000	$297,150
31	2,000	$326,074
32	2,000	$357,601
33	2,000	$391,965
34	2,000	$429,422
35	2,000	$470,249
36	2,000	$514,752
37	2,000	$563,260
38	2,000	$616,133
39	2,000	$673,765
40	2,000	$736,584
41	2,000	$805,056
42	2,000	$879,691
43	2,000	$961,044
44	2,000	$1,049,717
45	2,000	$1,146,372

Even my kids are surprised they could be a millionaire just by making their own coffee.


ADVANTAGES
OF
New
Hampshire
Trust Laws

IN 2023, TRUST COMPANY OF VERMONT opened an office in Keene, New Hampshire and officially registered to do business as a trust company in the Granite State. This means that Trust Company of Vermont can serve as a trustee of a trust governed by New Hampshire law even if the trust donor or trust beneficiaries do not live in New Hampshire. Because New Hampshire has purposefully modernized its trust laws to provide many cutting-edge planning benefits, this is exciting news for Trust Company of Vermont clients. This article reviews some of the main features of New Hampshire's trust laws that make the state such an advantageous trust situs for our clients.

As highlighted in our October article about the estate planning opportunities created by the OBBBA, New Hampshire allows trusts to shelter assets from estate tax for future generations *indefinitely.* In contrast, many states, including Vermont, still have a "rule against perpetuities," which limits the duration of a trust (usually to no more than 21 years after the death of a beneficiary who was alive when the trust was created). Under New Hampshire law, however, trusts need not be limited under a rule against perpetuities and, if a trust company with a New Hampshire situs is trustee, the trust can continue indefinitely for all future generations. If a trust is exempt from generation-skipping transfer tax, this can protect assets from ever being subject to estate tax again. The extremely high generation-skipping transfer tax exemption of $15MM per person under the OBBBA offers high-net-worth families an opportunity to wrap up significant assets in continuing trust under New Hampshire law so that none of their descendants will ever need to include those assets in their taxable estates again. These continuing "dynasty" trusts also provide beneficiaries with excellent creditor protection, a feature that can be especially important, for example, in the event of a beneficiary's divorce.

If a trust needs to be modified or "repaired" because the language is lacking or it is no longer operating as intended, New Hampshire law offers several options. For relatively minor issues related to administration, New Hampshire offers a unique silent trustee modification option where a trustee can, pursuant to statute, modify a trust for administrative reasons without notifying the beneficiaries. This can be very helpful to correct simple issues that are completely consistent with a grantor's intentions. For more substantive issues where all the interested parties (typically, all trustees and beneficiaries) are on the same page, New Hampshire allows the use of nonjudicial settlement agreements. Issues that can be resolved by nonjudicial settlement agreement include, for example, questions of trust agreement interpretation, the need to clarify whether a trustee is permitted to take certain actions, or changes to trustee succession provisions. To correct more significant problems, or when a trust agreement contains numerous concerning provisions, New Hampshire law also permits decanting, where an old trust can be "poured" into an entirely new trust agreement. New Hampshire's decanting statute is understood to be one of the more user-friendly statutes of its kind.

Livia DeMarchis Esq.

In addition to the important features of New Hampshire trust law described above, the state also offers a handful of innovative trust features not available in all other jurisdictions. These include:

- "Quiet" trusts where the typical statutory notice requirements can be modified or eliminated so that beneficiaries aren't required to receive information about the trust.
- "Asset Protection" trusts intended to keep trust assets safe from a grantor's or a beneficiary's creditors.
- "Divided" trusts in which powers and duties are split among more than one trustee, trust advisor, and trust protector.
- "Directed" trusts in which someone other than a trustee, trust advisor, or trust protector has the power to direct, veto, or consent to actual or proposed actions by a trustee, trust advisor, or trust protector.

New Hampshire's legislature has been very intentional about making the Granite State a favorable jurisdiction for trust administration. Trust Company of Vermont is excited to be able to administer trusts under New Hampshire law, so that we can offer our clients all the benefits of New Hampshire trusts, even if those clients are resident elsewhere. And I, personally, am proud to have recently been admitted to the New Hampshire bar so that I can more effectively collaborate on planning to help our clients take advantage of all the trust features the state has to offer. ■

Managing the cost of your child's wedding

WEDDING COSTS TODAY can be overwhelming, and traditions around who pays for what have changed dramatically. Instead of a strict split between families, it's now common for everyone—including the couple—to contribute in a way that feels fair and feasible.

Having just celebrated our own daughter's wedding, I can say firsthand that the day can be both magical and manageable. We had a wonderful experience—filled with joy, laughter, and not as much stress as we expected. Clear planning and honest conversations early on made all the difference.

Here are a few lessons we learned along the way:

Start with a realistic budget.

Nanette Stevens
Managing Director

Know what you can comfortably contribute before promising an amount. The Trust Company of Vermont can help you update your retirement plan to determine a number that fits your long-term goals—so you don't jeopardize your future for one big event.

Communicate openly with the couple.

Once you set a contribution amount, share it right away. When everyone understands the financial framework, the process becomes smoother—and in our case, it allowed us to enjoy the entire experience without tension or surprises.

Look for smart ways to save.

Guest count is the biggest cost driver. A smaller ceremony followed by a larger, more relaxed celebration later can be a lovely—and budget-friendly—option. Off-season or weekday weddings can also significantly reduce expenses.

In the end, the most valuable gift isn't financial—it's your love, support, and presence. For us, seeing our daughter so happy made every moment feel effortless. ■