People you trust. Advice that works.

Trustmark Wealth Management

Preserving & Transferring Wealth

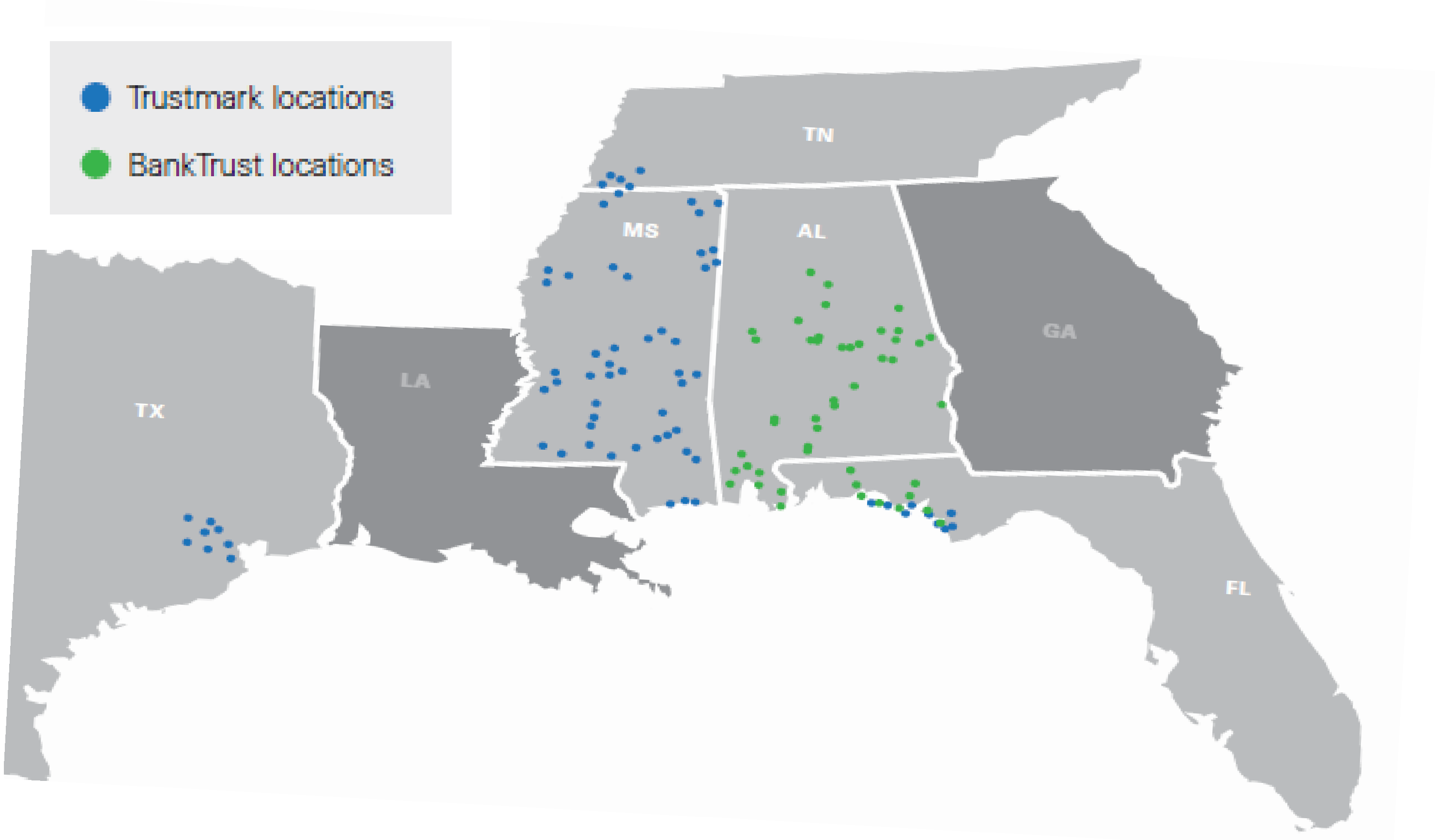
Trustmark Wealth Management is a division of Trustmark National Bank.

Randy Williams, MSFS, CFP®, ChFC

- Vice President and Wealth Management Consultant
- Trustmark since 1999
- Received a B.S. with an emphasis in Finance from the University of Southern Mississippi
- Master of Science in Financial Services from The American College in Philadelphia, Pennsylvania
- Currently holds the Life and Variable Contracts license and Series 7, 63, and 65 securities licenses
- CERTIFIED FINANCIAL PLANNER professional
- Chartered Financial Consultant designation
- Member of the Mississippi Estate Planning Council
- Native of Magee, and currently lives with his family in Brandon, Ms. He and his wife, Suzanne, have one daughter, Wright. Randy and Suzanne attend St. Matthews United Methodist Church. Randy enjoys hunting and watching college football in his time away from work.

Corporate Infrastructure

- Over 167 branches and 206 ATMs
- Approximately 2,632 associates
- Serving Mississippi, Tennessee, Florida, Texas and now Alabama



Trust Division

- Trustmark has been providing Trust, Investment, and Custody Services since 1925.

- Our staff of professionals oversee the daily tasks of investment management, administration, and custody of over $12.9 billion

Trust Division Infrastructure:

- Ten Trustmark branches:

  Jackson, Laurel, Hattiesburg, Columbus, MS; Houston, TX; Memphis, TN; Panama City, FL; Mobile, AL; Selma/Montgomery, AL; Brewton, AL

- Approximately 115 Associates:

- Our professionals are well-credentialed: Among our staff are individuals whose titles include JD, CFP®, CFA, CPA, MBA, CLU, ChFC, CRSP, CISP, CRP, CSOP, CFIRS and CTFA™ Designations.

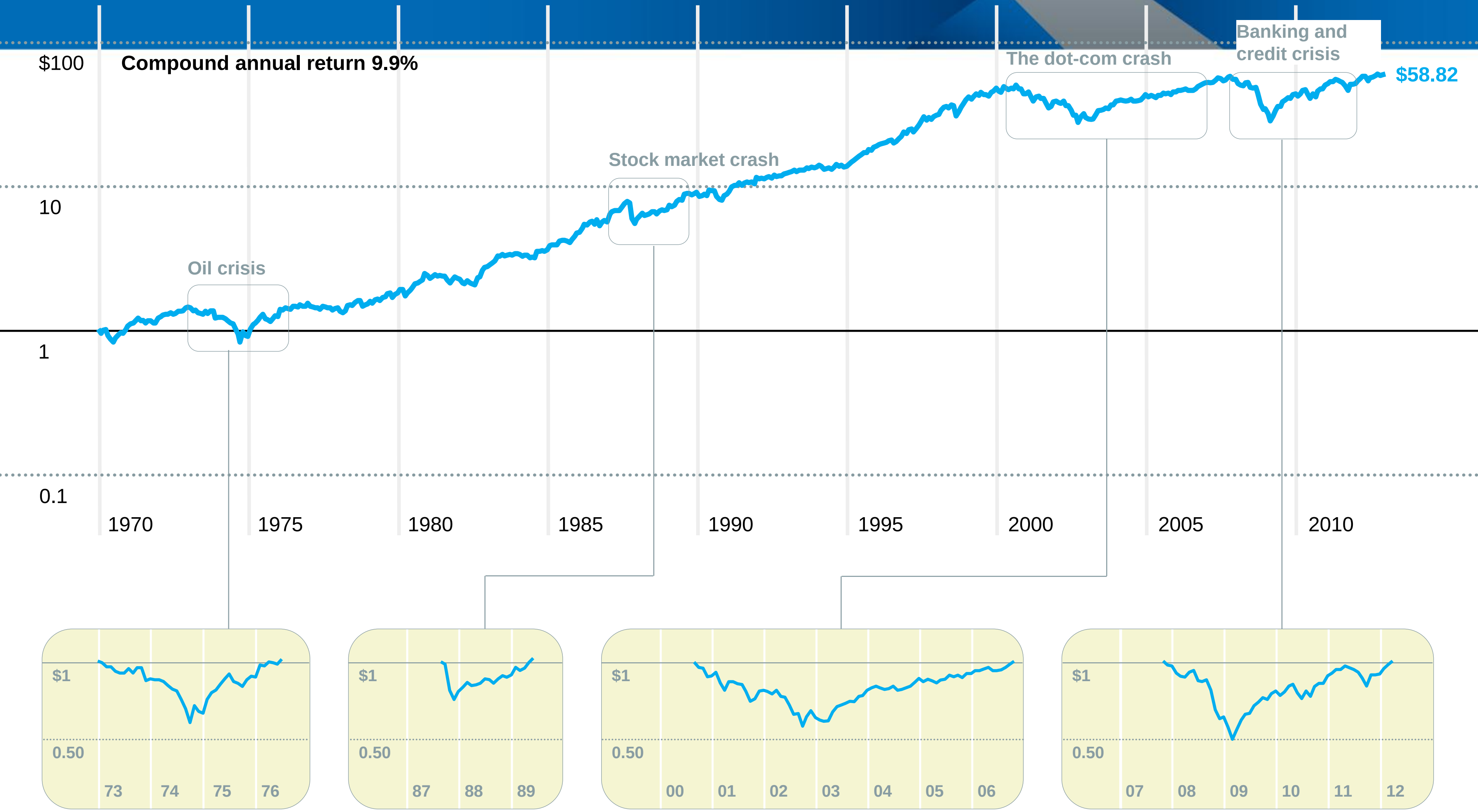
Our Purpose

Trustmark Wealth Management

- Accumulation
- Preservation
- Transfer of Wealth

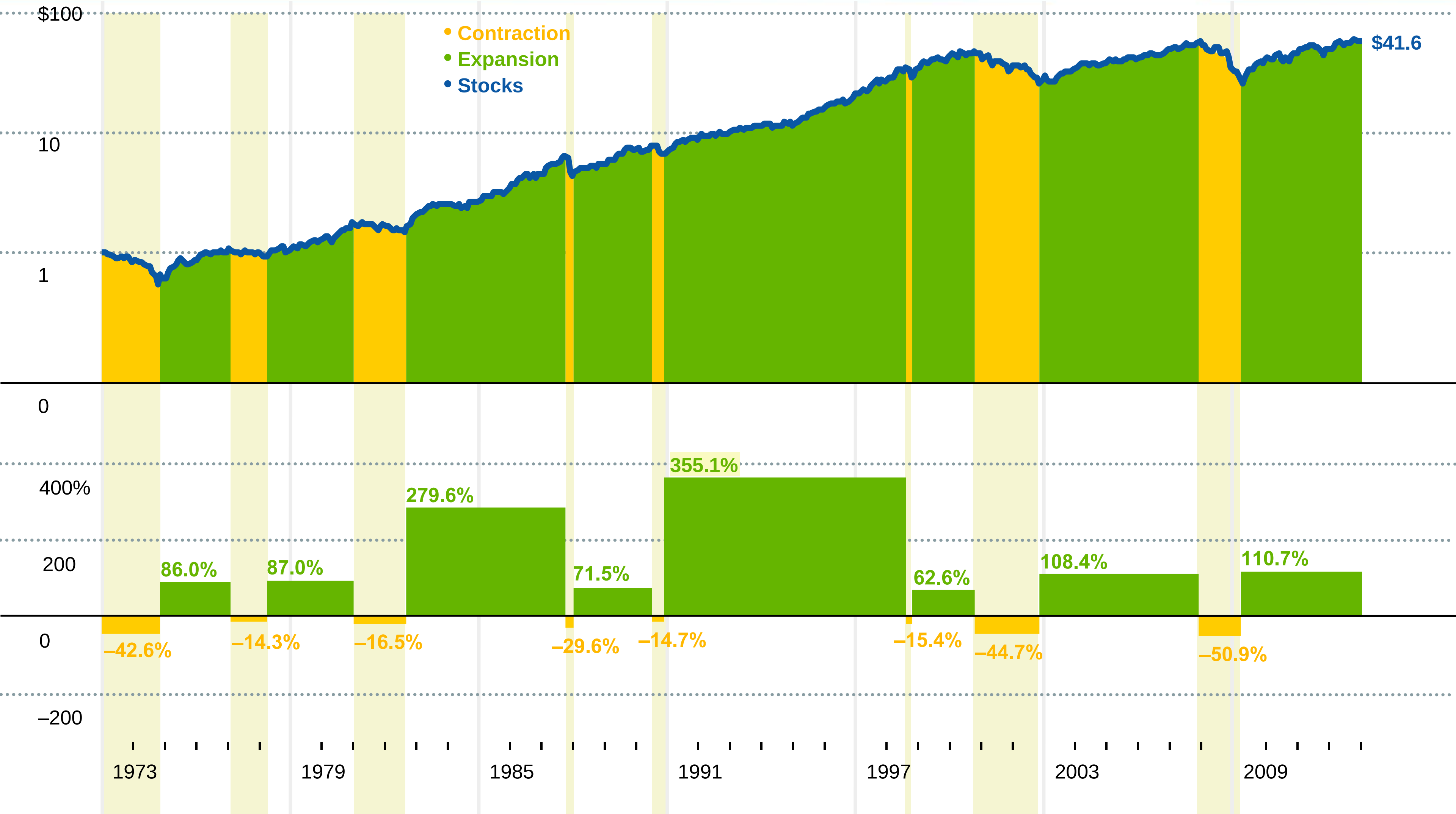
Fundamentals of Investing

Crises and Long-Term Performance
Market Declines in Historical Context, Jan. 1970–Dec. 2012



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Four market crises defined as a drop of 25% or more in the Standard & Poor's 500® index.

Stock Market Contractions and Expansions 1973–2012



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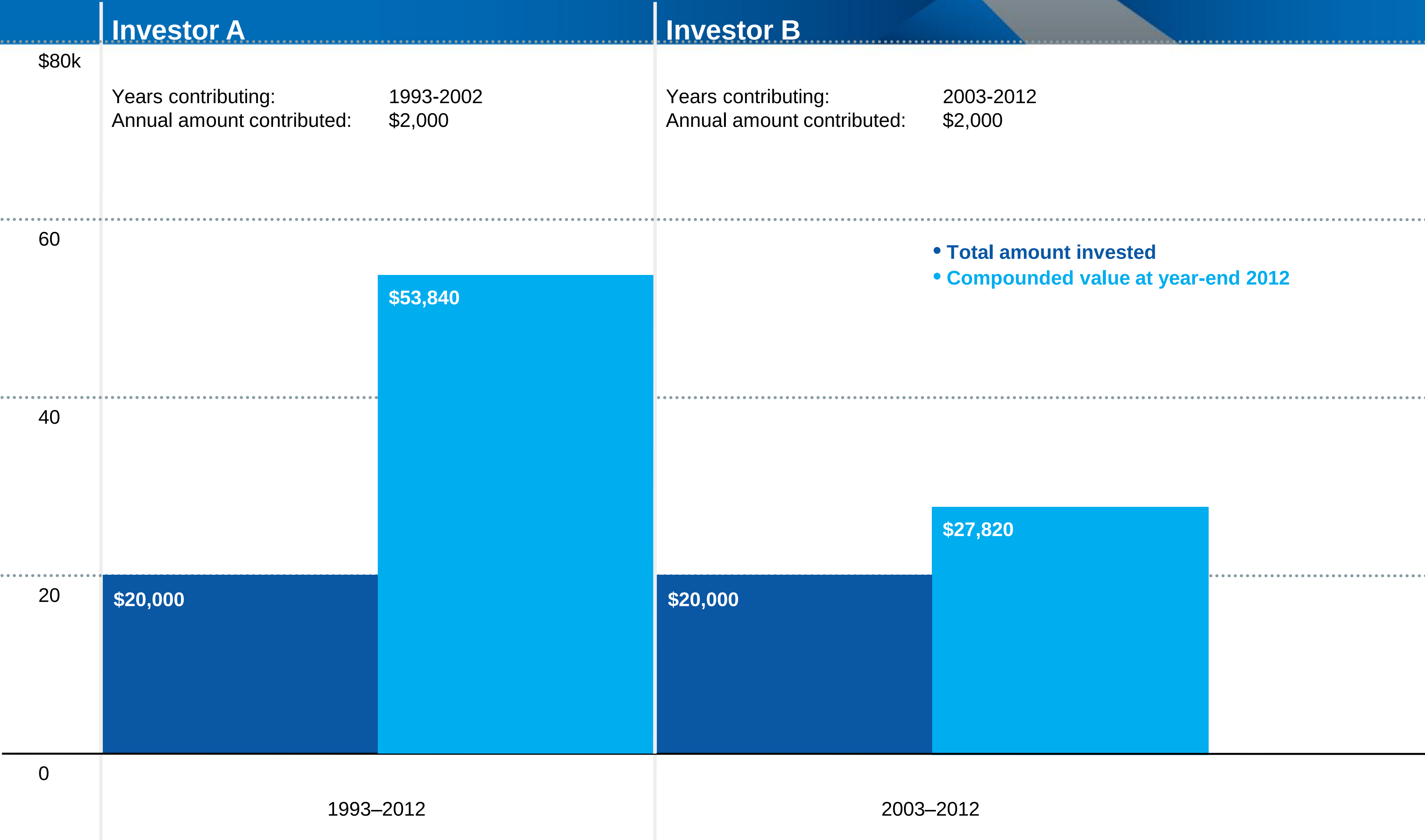
Power of Compounding
Hypothetical Investment in Stocks



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Hot-Hand Fallacy: Chasing Fund Performance
Wealth versus Cash Flows 2003–2012

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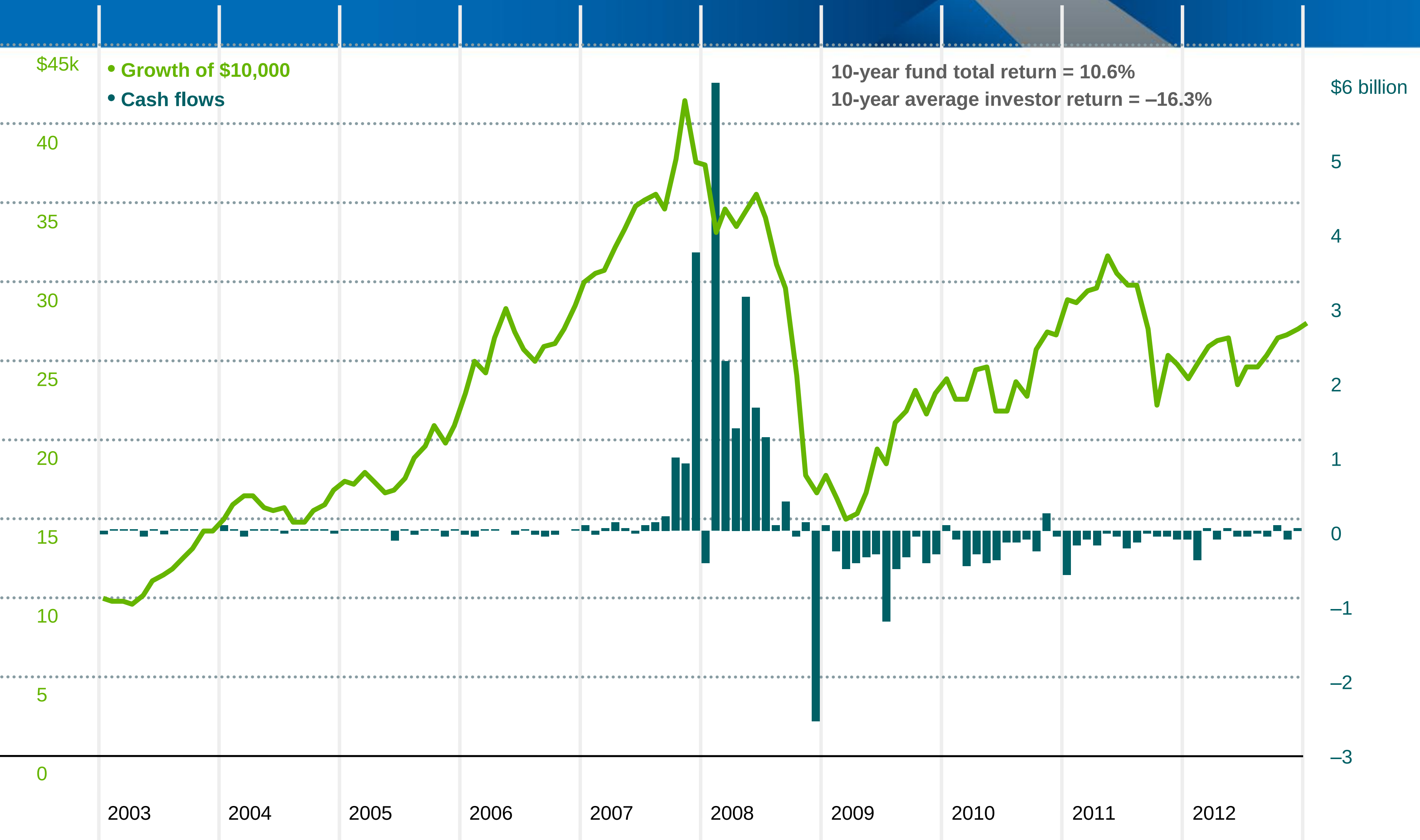

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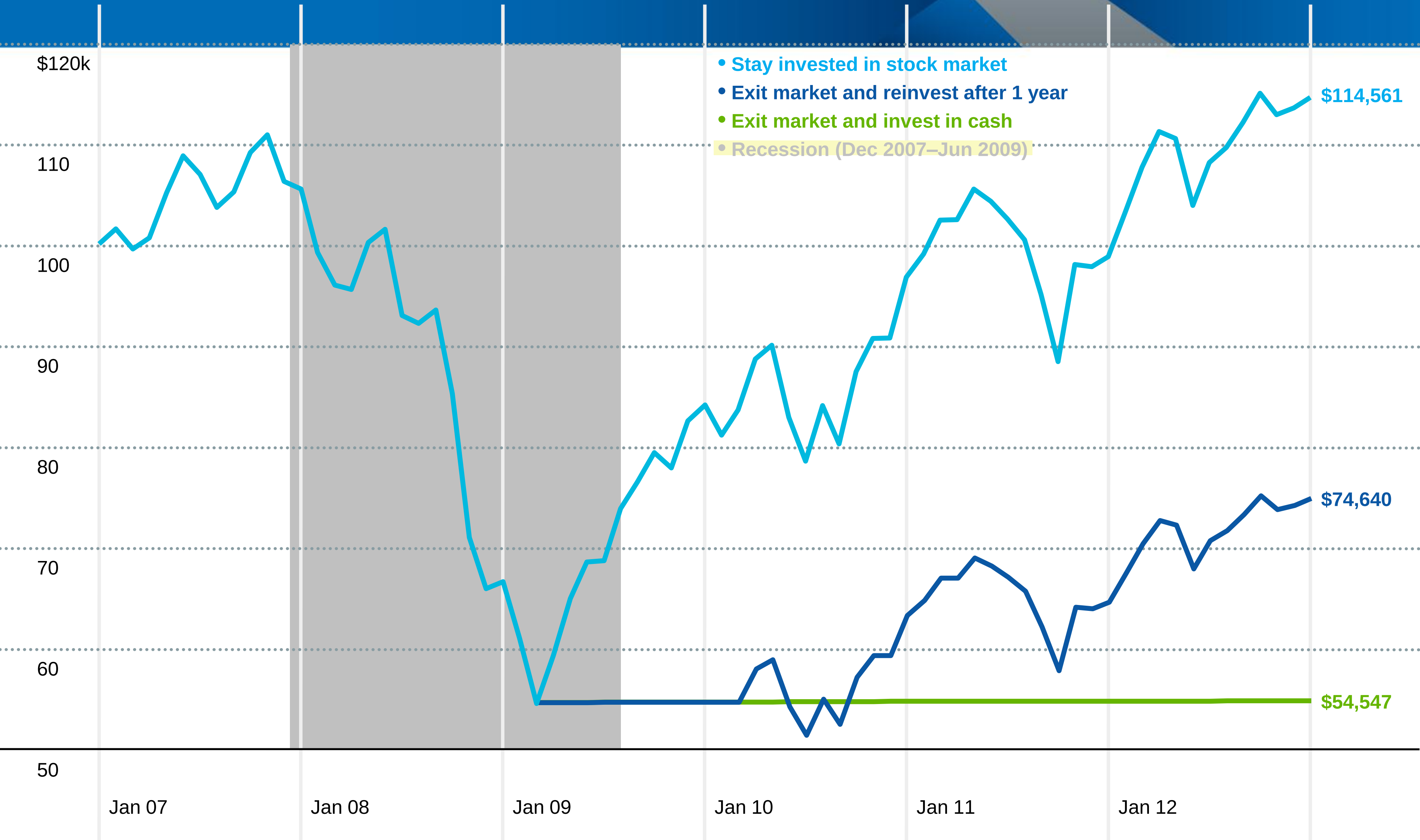
The Importance of Staying Invested
Ending Wealth Values After a Market Decline



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The Cost of Market Timing
Risk of Missing the Best Days in the Market 1993–2012

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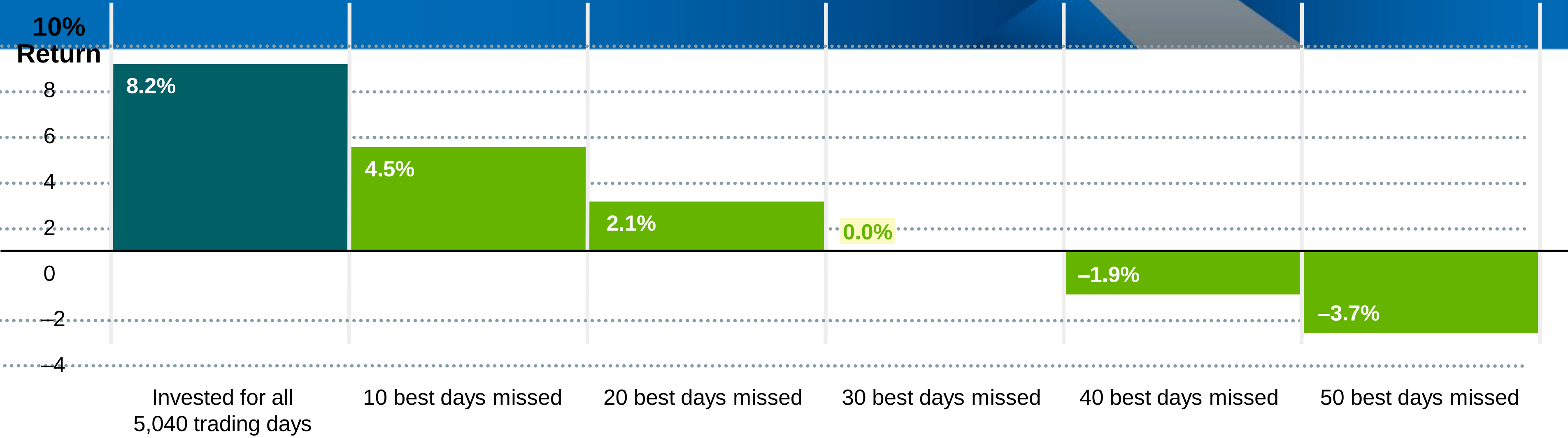
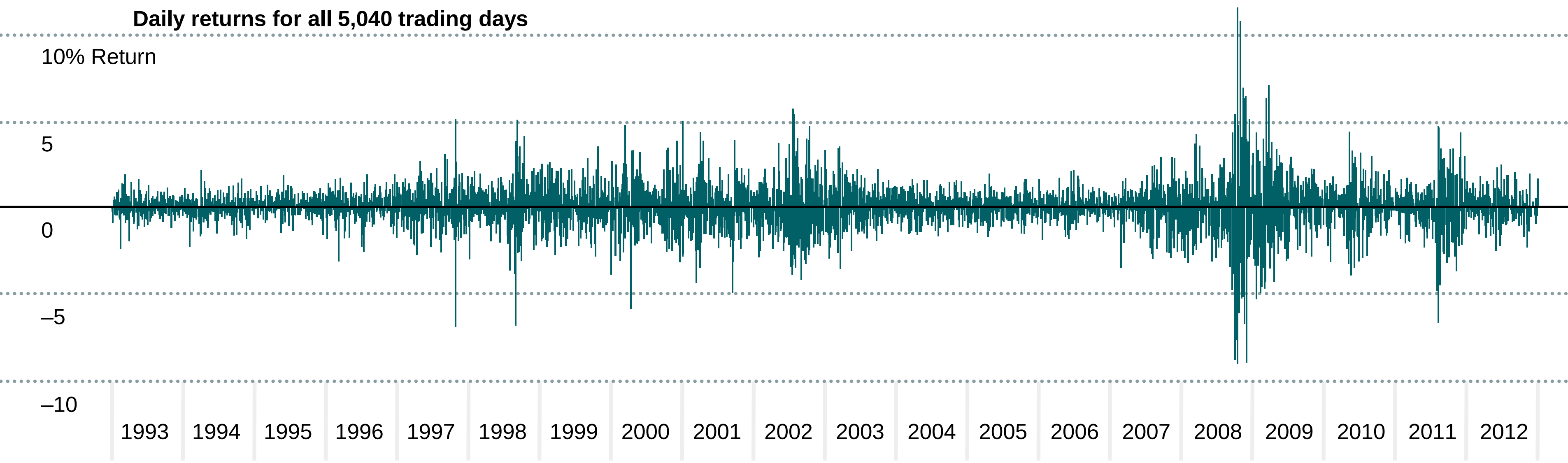


Daily returns for all 5,040 trading days



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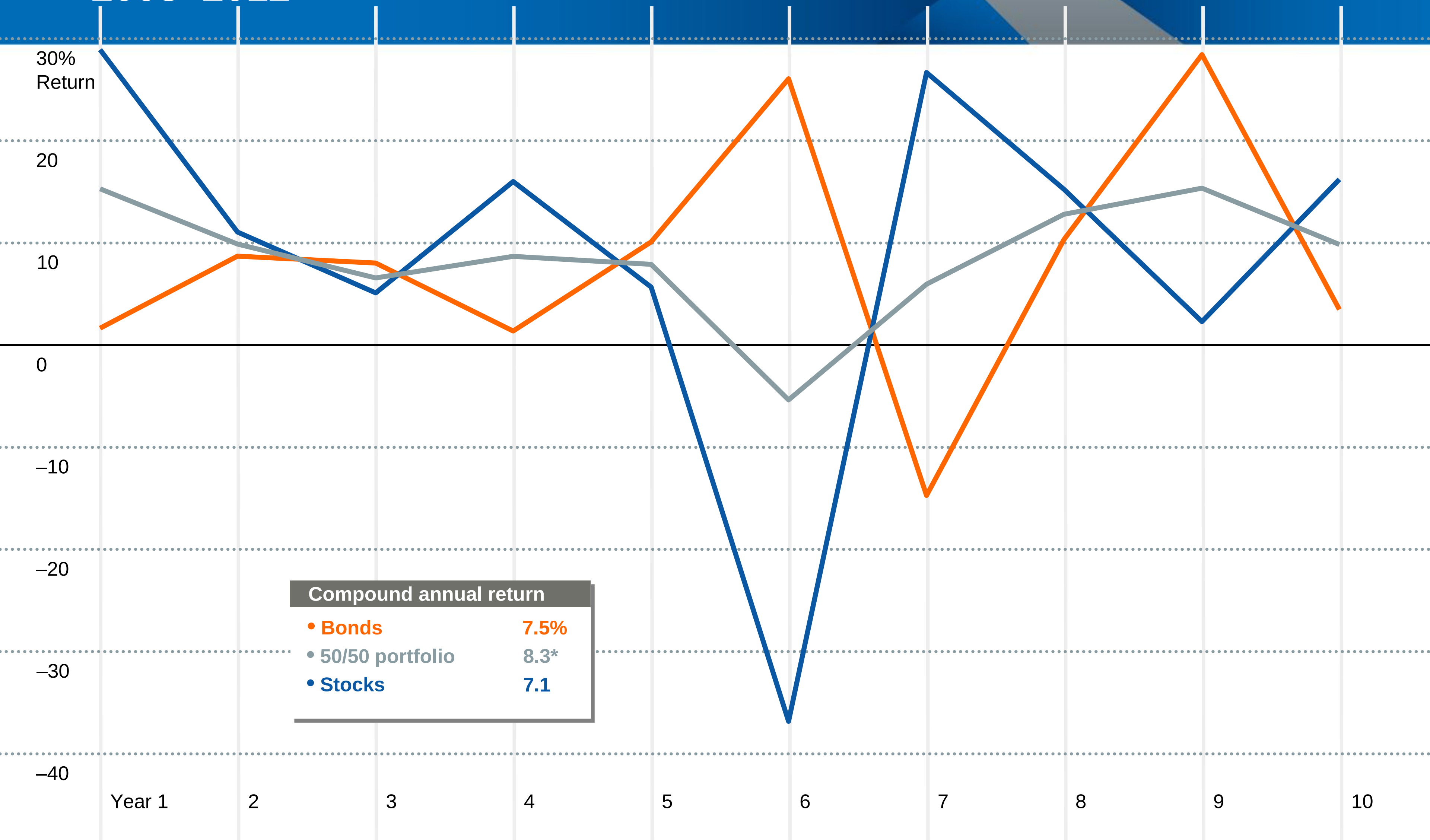
Managing Risk By Portfolio Diversification

How does one become wealthy?

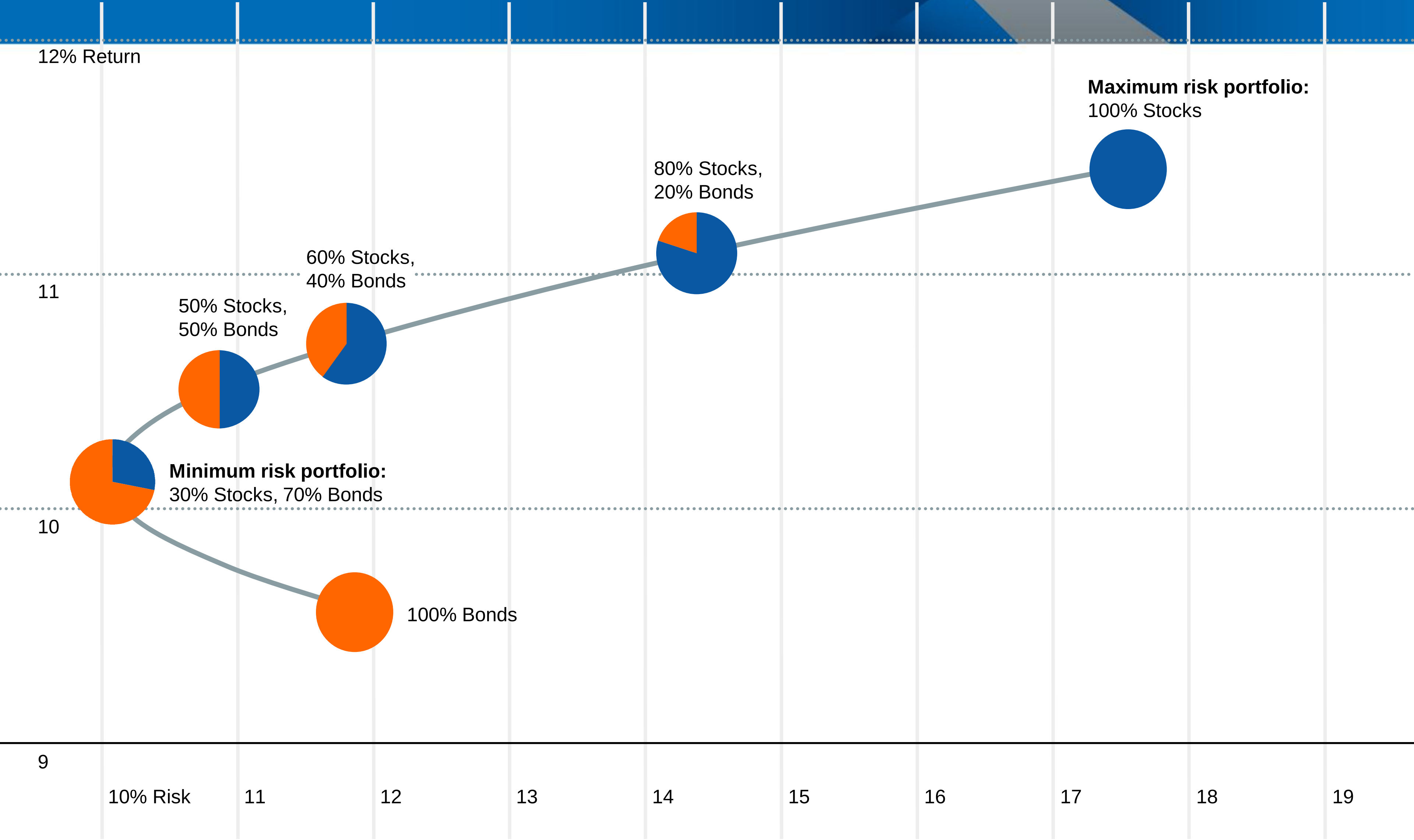
How does one remain wealthy?

The Case for Diversifying 2003–2012



Past performance is no guarantee of future results. *The return of the portfolio is higher than the returns of the constituent asset classes due to a phenomenon called "the rebalancing bonus," which occurred due to the unusual behavior of stocks and bonds over the time period analyzed. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. 3/1/2013

Stocks and Bonds: Risk versus Return 1970–2012



Past performance is no guarantee of future results. Risk and return are measured by standard deviation and arithmetic mean, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Asset-Class Winners and Losers

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Highest return	28.6	29.8	21.5	22.8	17.8	60.7	20.7	14.0	26.9	11.6	25.9	32.5	31.3	28.2	18.2
	20.3	27.3	5.9	3.8	1.6	39.2	18.4	7.8	16.2	9.9	1.6	28.1	15.1	3.1	17.9
	13.1	21.0	0.6	3.7	–6.5	28.7	12.0	7.3	15.8	5.5	–20.7	26.5	13.6	2.1	16.0
	12.2	14.3	–3.6	–0.8	–13.3	24.8	10.9	5.7	12.9	5.4	–36.7	14.0	10.1	0.0	11.3
	4.9	4.7	–9.1	–11.9	–15.7	1.4	8.5	4.9	4.8	4.7	–37.0	0.1	8.2	–3.3	3.3
Lowest return	–7.3	–9.0	–14.0	–21.2	–22.1	1.0	1.2	3.0	1.2	–5.2	–43.1	–14.9	0.1	–11.7	0.1

• Small stocks • Large stocks • International stocks • Long-term government bonds • Treasury bills • Diversified portfolio

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Retirement

Retirees Face Numerous Risks

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Retirement Income

Withdrawals
- What rate is sustainable?
- Sequencing by tax bracket
- Managing RMDs

Longevity
- Long retirement horizons—a couple aged 65 has 25% chance of a survivor living to age 96

Retiree Spending
- Replacement ratio
- Essential versus lifestyle expenses
- Medical expenses

Solvency
- Pension plans and retiree benefits—a thing of the past
- Social Security and Medicare

Market Volatility
- Uncertain returns and income
- Impact of point in time
- Asset allocation and location

Savings
- Under-funded defined contribution accounts
- Most Americans have an enormous savings gap

Inflation
- Erodes the value of savings and reduces returns
- Health-care inflation 3.9%

Inflation Risk

Time Period	Inflation	Beginning Value	Value Today Adjusted for Inflation
30 Years	2.0%	$500,000	$276,035
30 Years	3.0%	$500,000	$205,993
30 Years	4.0%	$500,000	$154,159

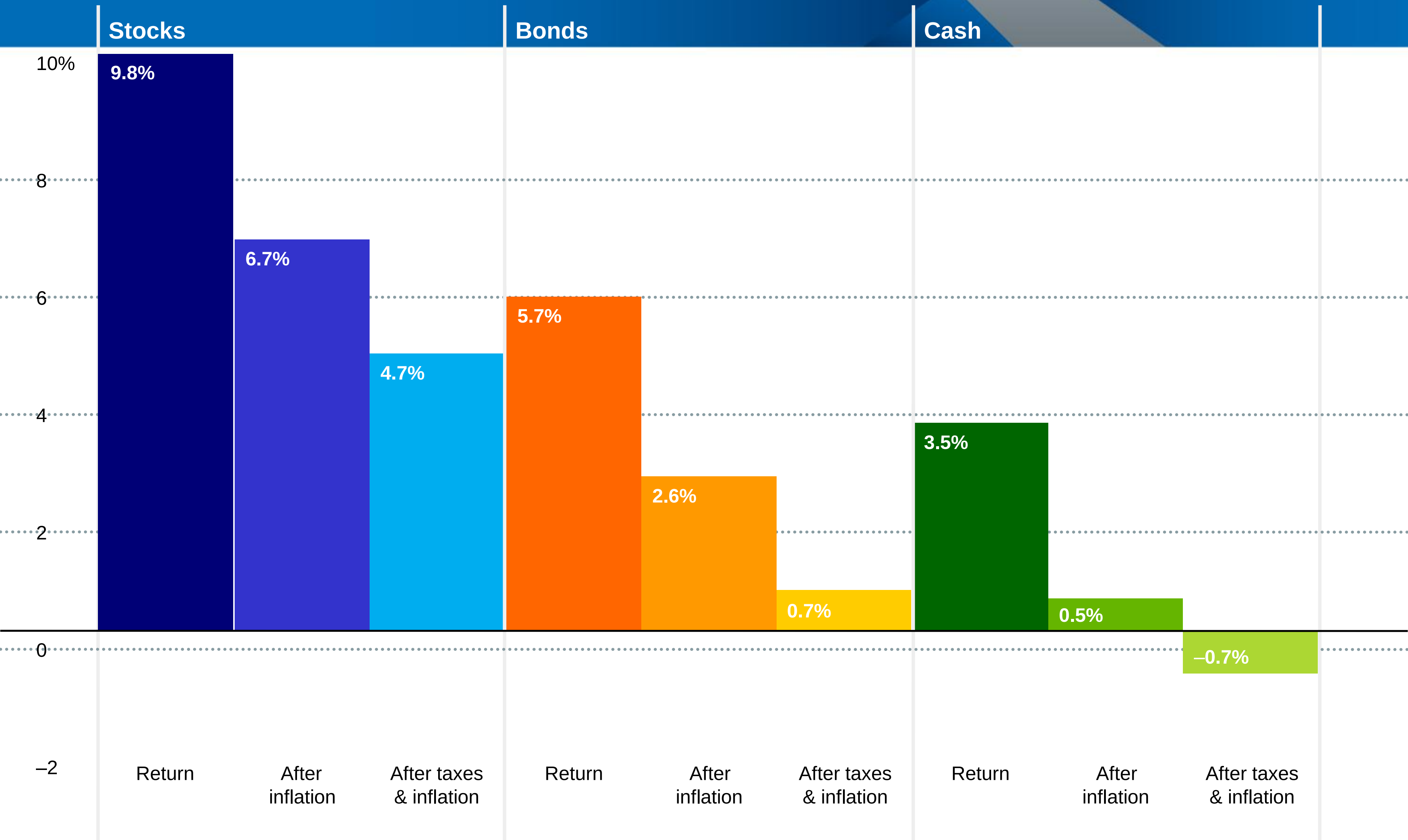
Average Annual Inflation

1983 – 2013 = 2.84%

1993 – 2013 = 2.38%

2003 – 2013 = 2.32%

Inflation and Taxes Reduce Returns
Compound Annual Returns 1926–2012



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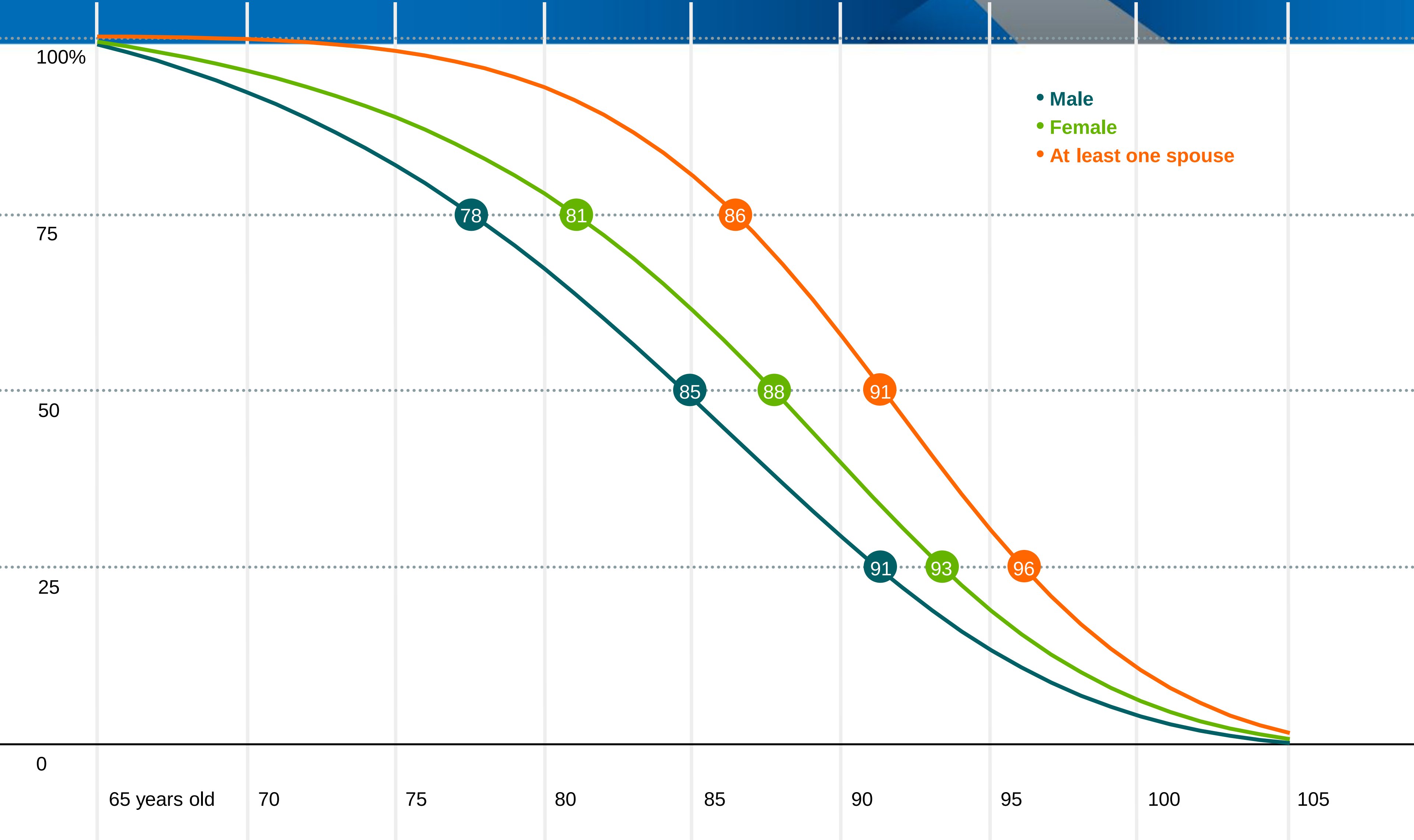
Retirees Should Plan for a Long Retirement
Probability of a 65-year-old living to Various Ages



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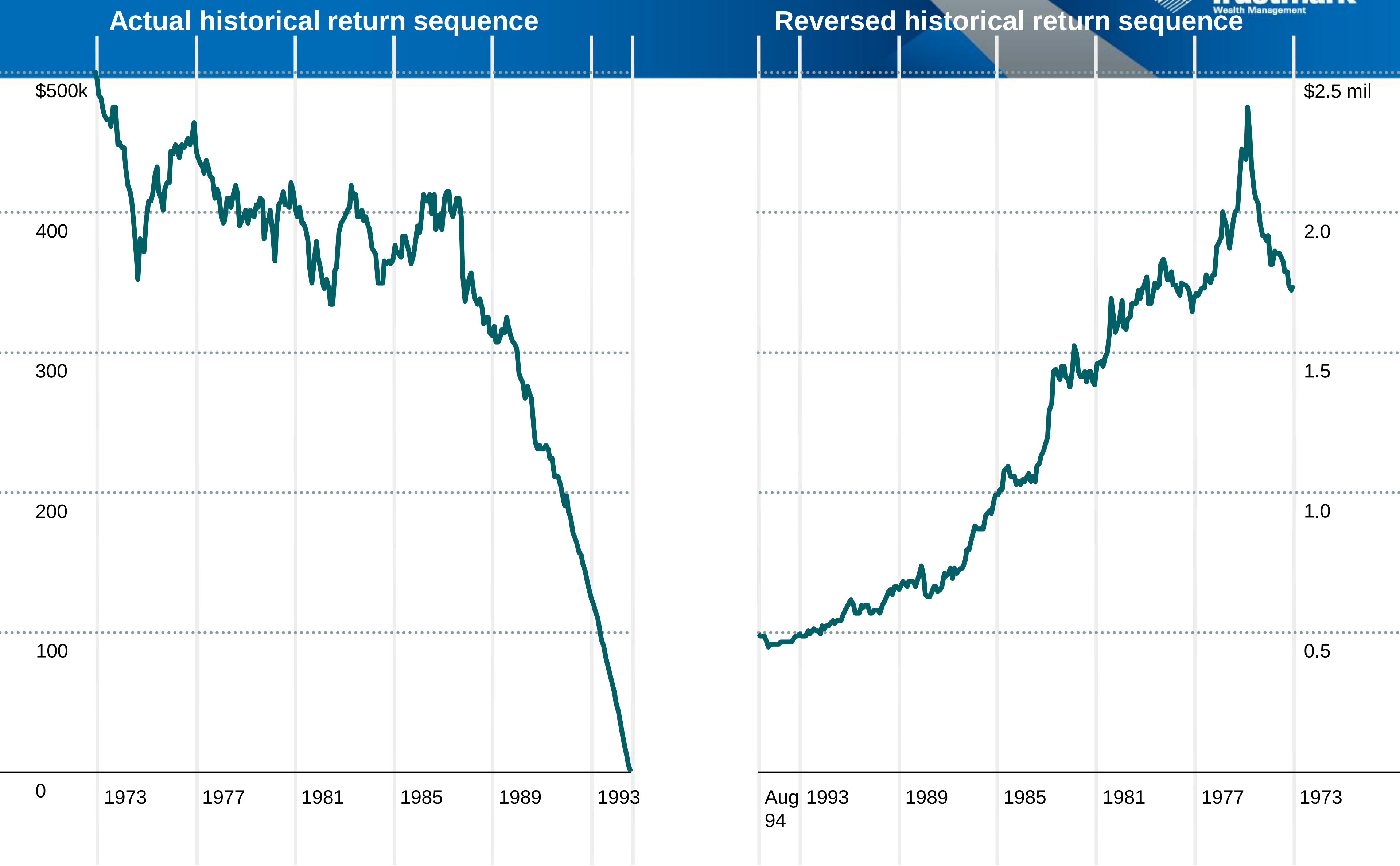
The Sequence of Returns Can Significantly Affect Your Retirement
Sequence of Returns Matters



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Probability of Meeting Income Needs
Various Withdrawal Rates and Portfolio Allocations
Over a 25 Yr. Retirement

	100% Bonds	75% B 25% S	50% B 50% S	25% B 75% S	100% Stocks
4% Withdrawal rate	86%	97%	96%	93%	90%
5%	32%	70%	79%	80%	77%
6%	3%	25%	51%	61%	63%
7%	0%	4%	26%	42%	49%
8%	0%	0%	11%	26%	36%

IMPORTANT: Projections generated by Morningstar regarding the likelihood of various investment outcomes using the Ibbotson Wealth Forecasting Engine are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. 3/1/2013

Estate Planning

Taxes At Death

- Each spouse has estate tax exemption of $5,340,000
  (Husband & Wife have a total exemption of $10,680,000)

- At death all assets will be valued at current market values, this includes home, personal property, cash & investments, land, life insurance etc.

- For every dollar that exceeds the $5,340,000, or $10,680,000 for married couples, will be taxed at 40%

- Neither Mississippi nor Louisiana impose an inheritance tax on beneficiaries

How Assets Assets Pass at Death

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1. *Contracts* - Life Insurance, Retirement Accounts, Annuities, POD Account, Trust Accounts, IRAs

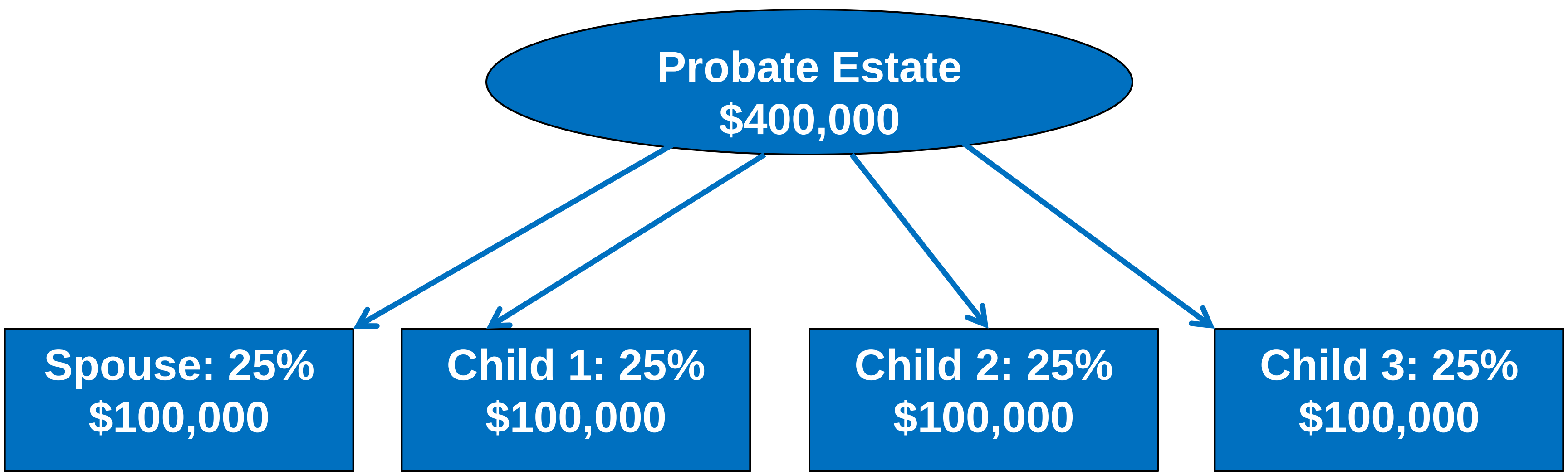
2. *Operation of Law* – Joint Property

3. *Wills*
   - 70% of Americans do not have a will

State of Mississippi Intestate Laws

- The State of Mississippi has created a will for those that have not created their own will
- Should an individual die without a will then their spouse will get a child’s share of the probate estate

- First spouse dies with three children



Considerations When Drafting Your Will

- Consider Specific Bequest
- Name a Guardian: Parents should name a person to be responsible for caring for any dependent children
- Name an Executor: The person designated in the will to execute your instructions regarding the distribution of your assets
- Consider a Testamentary Trust

Benefits of Leaving Assets in Trust at Death - Testamentary Trust

- Help beneficiaries that cannot take care of themselves
- Provide professional management for loved ones
- Provide creditor protection for heirs
- Protect assets from in-laws and outlaws – Divorce
- The creator of trust has unlimited distribution options as to how he/she would like assets to be used

Benefits of Trust While you are Living - Revocable Trust

A revocable trust is an arrangement by which you transfer ownership of your property into trust throughout your lifetime, but allows you to retain control of your assets.

Trusts:

- Can provide management and protection if you become disabled or incapacitated
- Avoid Conservatorship proceedings
- Provide uninterrupted management of your assets
- Assure financial institutions will transact business with the trustee
- Protect your assets from cunning people who prey on the elderly
- Avoid the mandatory need to probate the will if all assets are held in the trust

Trustee

- Any person or entity who holds property, authority, or a position of trust or responsibility for the benefit of another person

- Can be family member, friend, business partner, advisor, or Corporate Trustee

- Successor-Trustee: Any person or entity who is named to serve as Trustee should the original Trustee resign or die

Other Important Estate Planning Documents

- *Durable Power of Attorney* – Excellent document for someone who becomes incapacitated to appoint someone to make financial decisions on their behalf

Note: Provide a copy of your Durable Power of Attorney to all of your financial institutions to insure they will accept the document should you become incapacitated.

- *Advanced Health Care Directive* – Excellent document for someone who becomes incapacitated to appoint someone to make health care decisions on their behalf

Gifting Assets

Lifetime Gifts

2014 Annual Gift Tax Exclusion ($28,000 for Husband & Wife)	$14,000
2014 Gift Tax Exemption ($10,680,000 for Husband & Wife)	$5,340,000

Also, a donor may give, free of tax consequences, amounts for a donee's school tuition or medical expenses.

Utilizing Your Lifetime Exemption While Living

Scenario:

• 2014 Gift Tax Exemption	$5,340,000
• Mrs. Jones gifts farmland to son	$1,000,000
• Mrs. Jones would not owe any tax on the gift	
- She makes Gift of Farmland	$1,000,000
- Annual Exclusion Amount for 2014	-$14,000
- Amount of Lifetime Exemption Used	$986,000
• Remaining Amount of Lifetime Exemption ($5,340,000 - $986,000) =	$4,354,000

Making Gifts While Your Living

Scenario:

- Mr. & Mrs. Jones are Age 82 and 80
- They own 100 acres of farm land that they purchased in 1974 for $10,000
- Today their 100 acres of farm land is worth $100,000
- They gift the 100 Acres of land to their son
- The son now owns 100 acres of land with a cost basis of $10,000
- The son decides to sell the land and pay taxes on the sale of the land
- The son will pay capital gains tax on $90,000 of appreciation

Tax Implications of Leaving Assets at Death

Scenario:

- Mr. & Mrs. Jones are Age 82 and 80
- They own 100 acres of farm land that they purchased in 1974 for $10,000
- Today their 100 acres of farm land is worth $100,000
- At their death they leave the 100 acres to their son
- The son receives a step up in basis at his parents death of $100,000
- Son later sells the land for $110,000
- The son will owe capital gains tax on $10,000

Trustmark Wealth Management

Thank You

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