

# Wealth Planning in an Uncertain Economy: Actionable Insights for California Attorneys



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Between geopolitical conflict, inflation pressures, uneven sector growth and tax changes, clients are increasingly turning to their legal advisors with tough questions and high expectations as they navigate an economy that feels like shifting sand. For California attorneys advising high-net-worth individuals, founders and executives, the pressure is on to deliver plans that are not only legally sound but resilient in the face of uncertainty.

Many clients are feeling squeezed. Start-up founders and tech executives, in particular, are sitting on large equity positions in companies where valuations have fluctuated wildly. Some industries (artificial intelligence, for instance) are booming, while others are struggling. That imbalance leaves many clients unsure of how to plan for the future, especially when their legacy and liquidity are at stake. Attorneys play a critical role in those moments: helping clients understand not just the risks but the windows of opportunity that emerge when markets dip or rules shift.

This piece distills strategies from seasoned practitioners who routinely guide clients through periods of macroeconomic chaos, tax code changes and existential phone calls after a market wobble.

They explain how to elevate legal advice into strategic counsel by not just interpreting the law but serving as translators, taking anxiety and volatility and channeling them into structure, clarity and actionable steps.





## The current climate: Defining economic uncertainty

The unknown has always been unsettling for clients, but what makes today's economic environment uniquely challenging is the pace and complexity of change. Rather than one or two disruptive events, a layered mix of global instability, domestic policy shifts and sector-specific volatility is unfolding simultaneously.

Several key forces are shaping the landscape:

- Geopolitical instability, including the wars in Gaza and Ukraine, continues to ripple through energy markets, supply chains and investor confidence.
- Inflation and interest rate volatility have reshaped borrowing costs and investment strategies, with clients and financial advisors watching every move to the Federal Reserve.
- Trade policy unpredictability remains a factor, as tariffs shift and global trade relationships become increasingly strained.
- Sector-specific volatility is creating a tale of two markets. While AI, biotech and green energy are performing well, more traditional sectors like commercial real estate and retail are lagging.

Each of these factors has a ripple effect on the economy at large, which impacts individual portfolios and business valuations.

Syon Capital's San Francisco-based wealth strategist and senior director Mara Mahana is witnessing clients living the consequences of sector-specific downturns in real time and fielding questions like, "What can I do to minimize the impact of this on me and my family?"

"AI is doing great right now, but certain other industries are not doing so well, and their stock values are falling. Clients who are highly concentrated in those asset classes are concerned, as they are trying to build generational wealth," Mahana said. "It is a scary time, but there are some opportunities, even in this environment, to make it work for them."

This environment calls for attorneys to go beyond technical knowledge and offer calm, strategic guidance that helps clients move forward with confidence, according to David Oh, shareholder and vice president of wealth strategy at Mercer Advisors in the San Francisco Bay Area.

"What we're seeing this year is a bunch of different things hitting at once, and clients are genuinely concerned," Oh said. "Clients want predictability, so we have to focus on what we can control. From a portfolio standpoint, that might be becoming more defensive, but from a planning standpoint, it's reviewing financial plans and taking a look at taxes and estate plans to make sure we're optimizing the tax situation given the uncertainty that's going on."

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## Portfolio and tax planning: Proactive strategies

During times of uncertainty, many clients make decisions from a place of panic, especially via quick sales that aim to avoid further losses. In Oh's experience, this is often when costly mistakes are made.

“What can happen is you panic, the event or most-feared situation doesn't happen, the market finds its way back up and you don't ride the wave back up with it. Then, you've lost the opportunity to recapture your wealth and get even more of it,” Oh said.

While these emotional reactions are natural, discipline and strategy can help clients stay grounded and better positioned for long-term growth.

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Counsel clients to review their portfolio composition, focus on true diversification and rebalance as needed, especially after periods of volatility.

“With good diversification and rebalancing, you can help clients stay calm, ride out the volatility and recover lost ground when markets rebound,” Oh said.

### Harvesting tax losses

Down markets can create valuable tax opportunities. One effective tool is tax-loss harvesting, which involves selling underperforming investments at a loss to offset capital gains elsewhere in a portfolio, either now or in future years.

“From a tax planning standpoint, the opportunity we consider there is: Can we harvest some losses in your portfolio to save for a rainy day?” Oh said.

If a particular holding has dropped significantly in value, a client might choose to sell it and realize that loss. That loss can then be “banked” to offset gains on other investments – either in the same year or carried forward to future tax years. This approach can be beneficial in volatile or declining markets, allowing clients to manage their tax liability proactively rather than reactively. However, be mindful of IRS wash sale rules, which block clients from reinvesting in substantially identical stocks within 30 days of selling their investment.

### Roth conversions

Periods of depressed portfolio values, especially when clients are in lower income tax brackets, can create a window of opportunity for Roth IRA conversions, allowing clients to reposition assets for long-term, tax-free growth.

“If your portfolio goes down because of the volatility or uncertainty, you can think about Roth conversions – paying tax on assets now while prices are depressed. Later, when values rebound, your gains grow in a tax-free vehicle,” Oh said.



A Roth conversion involves transferring assets from a traditional IRA or pretax retirement account into a Roth IRA. While clients must pay ordinary income tax on the converted amount in the year of the conversion, all future growth and qualified withdrawals from the Roth IRA are tax-free.

Executing a conversion during a market downturn means the client pays tax on a lower asset value. When the market recovers, the appreciation occurs inside the Roth, shielding future gains from taxation. This strategy is especially useful for clients expecting higher tax rates in retirement or those looking to maximize wealth transfer to heirs in a more tax-efficient way.

Timing and income thresholds matter, so be sure to coordinate with financial advisors to assess whether the client’s current income, filing status and long-term goals support a conversion. It’s also important to model the conversion’s tax impacts to avoid unintended consequences, such as pushing the client into a higher tax bracket or triggering a Medicare surtax.

In the right circumstances, a Roth conversion can turn market volatility into a powerful estate and tax planning tool.

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## Estate planning opportunities in down markets

As unsettling as market downturns and economic volatility can be, they can also open the door to smart, forward-looking estate planning strategies that preserve wealth and reduce future tax exposure.

### Gifts of depressed assets

Periods of uncertainty often put downward pressure on asset values, but in Mahana's experience, they can also be "a really wonderful opportunity to make gifts of those depressed assets, because you're actually able to give more than you normally would."

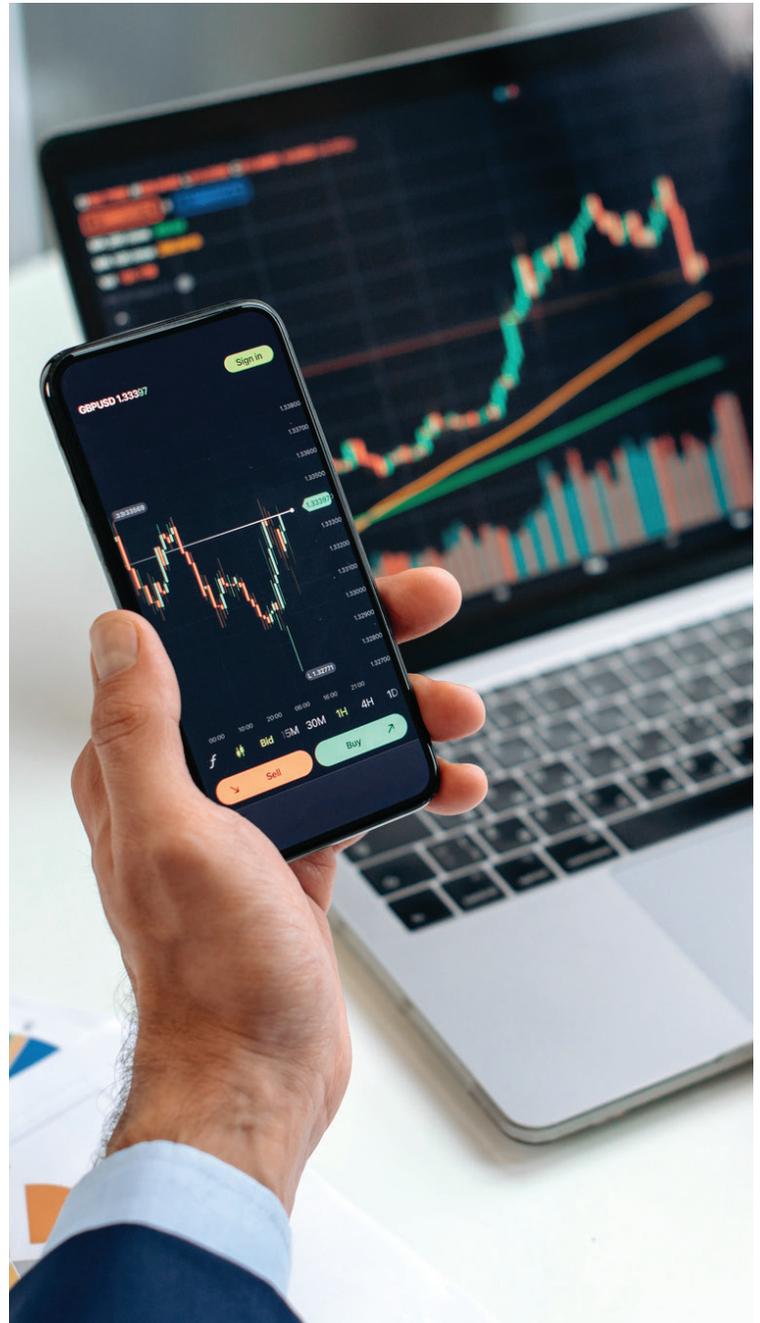
For instance, if a stock that was performing well a few years ago has now dropped significantly in value, but there's a good chance it will eventually recover, that can be a highly tax-efficient gift for children or grandchildren.

"You're not only removing that asset from your taxable estate, you're removing all the appreciation from your taxable estate as well," Mahana said.

When an asset is gifted, its current fair market value is used for gift tax purposes. That means if a stock is temporarily depressed, the donor can transfer more shares while staying within the gift tax exemption limits. If the asset later rebounds in value, all that appreciation occurs outside of the donor's estate, thereby avoiding estate tax on the gains.

This can be especially impactful for start-up founders, tech executives or anyone holding concentrated equity positions in companies temporarily undervalued due to market conditions. For example, if a married client gifts \$20 million of stock now and that stock rises to \$50 million over time, they've effectively moved \$50 million out of their estate – not just the original \$20 million value at the time of the gift.

This strategy becomes more powerful when assets are gifted to irrevocable trusts, which can add a layer of protection and control over how and when beneficiaries receive the wealth. For clients with a long-term view and a desire to transfer wealth tax-efficiently, downturns may offer one of the best gifting opportunities they'll see in years.



## Grantor trusts and swap powers

For clients seeking added flexibility, grantor trusts with swap powers can be a powerful planning tool in down markets. These trusts allow the grantor to swap assets of equal value between their personal estate and the trust. This mechanism can be used during periods of market decline to strategically shift future appreciation out of the estate.

“Some trusts give the grantors the power to swap assets out if the grantors believe it would be beneficial,” Mahana said. “So, if you have a really depressed stock in your estate but you have, say, a piece of real estate in that trust, you could say, ‘OK, I’m going to swap \$3 million of this depressed stock for this \$3 million house in the trust.’ Maybe the stock later jumps to \$6 million, but when you made that swap, it was equal value. When that stock goes up again, you’ve removed that asset and the appreciation from your estate.”

Another benefit of grantor trusts is that the grantor remains responsible for income taxes on the trust’s earnings. This tax liability further reduces the grantor’s estate over time and the IRS does not treat these tax payments as additional gifts, making them an efficient method of transferring wealth.

Used appropriately, swap powers within grantor trusts can enhance long-term estate planning outcomes by combining income tax efficiency with strategic asset movement, especially in volatile markets.



## Planning through legislative uncertainty

Major tax legislation can create periods of uncertainty that demand strategic foresight and built-in flexibility. In 2025, for example, the much-anticipated expiration of the Tax Cuts and Jobs Act (TCJA) prompted planners to prepare for significant shifts in estate and gift tax rules. However, with the recent enactment of the One Big Beautiful Bill Act, many of those changes have been deferred or altered, creating a new landscape that balances sustained tax relief with increased federal deficits.

When tax rules are in flux due to pending legislation, recently passed laws or evolving regulatory guidance, clients benefit most from estate planning structures designed to adapt as policies change without the need for costly revisions or restarts.

Here are some key considerations:

### Jurisdiction

When it comes to modifying irrevocable trusts, not all states offer the same level of flexibility. Some jurisdictions, such as Delaware and Nevada, are known for more trust-friendly laws that allow changes to irrevocable trusts without the need for court approval. Setting up structures in those states can bring significant advantages for clients adapting their estate plans as laws and circumstances evolve.

### Wait-and-see structures

For clients who are dependent on the results of a pending tax law change and want to prepare without committing to a plan prematurely, establishing a trust but waiting to fund it provides flexibility to respond once the legislative environment becomes clearer. If favorable planning opportunities arise, clients can act quickly, but otherwise, they aren't locked into a plan that might become obsolete or less advantageous.

"Some clients take a wait-and-see approach, setting up the structures now because they know that if they wait till the last minute, it might be too late," Oh said. "So they'll leave the trust empty, but they'll have it ready to go."

### Promissory notes

Another strategy to consider in uncertain times is the use of promissory notes. Unlike outright gifts, loans allow clients to take advantage of estate planning structures today without permanently parting with their assets.

For example, a client can establish an irrevocable trust and fund it with a loan instead of a gift. This approach provides flexibility because the client retains the right to call the loan back. If the law changes or their financial situation shifts, they're not locked into a structure that no longer makes sense.

### Trust protectors

Adding a trust protector can serve as a built-in safety mechanism in times of legislative or personal uncertainty. Trust protectors are third parties who have the power to modify or amend trust provisions if needed — especially when addressing unforeseen tax consequences or correcting legal errors.

"This party is not there to administer anything," Oh said. "They are there as a safety valve, assigned to fix any mistakes — particularly tax mistakes."

Including a trust protector in the design of a trust adds an additional layer of oversight and responsiveness, helping clients avoid the need to dismantle or recreate their plan if laws or family circumstances change.

### Flexible terms and contingency planning

When designing a trust, avoiding overly rigid terms and including contingency provisions can help ensure the structure remains effective over time.

"Think about making your terms as flexible as they can be. Don't box yourself in with specific requirements or parameters," Oh said. "It's impossible to tell the future, but in your trust provisions, try to put in as many contingencies as you can."

Property values, for example, can fluctuate significantly over time, making it difficult to lock in long-term decisions. Similarly, charitable gifts can pose challenges if the selected charity no longer exists later on. Including mechanisms to update or clarify designations can help ensure the client's intentions are fulfilled if circumstances change.



## Charitable giving: Maximizing tax efficiency

If clients are charitably inclined, periods of market volatility and appreciated assets can create especially tax-efficient giving opportunities.

### Donor-advised funds and other vehicles

Rather than selling stock and donating the proceeds, triggering capital gains tax, clients can donate appreciated assets directly to a charity, donor-advised fund, private foundation or charitable remainder trust.

“Some people want to make a gift to a charity, but if they sell a stock and then gift the proceeds, they’ll have to pay capital gains tax,” Mahana said. “So, a better idea is to give the stock itself to a donor-advised fund or a foundation, or even a charitable remainder trust, because that way you’re completely avoiding or deferring any capital gains tax you otherwise might have paid.”

Many start-up founders, for instance, hold stock with a very low cost basis of just a few cents per share. However, the shares are still worth significantly more, even in a down market. Rather than selling the stock, paying capital gains tax and then donating the cash, it’s often more advantageous to donate the appreciated stock directly to a charity, donor-advised fund or foundation.

### Charitable remainder trusts

Charitable remainder trusts (CRTs) offer another option for clients who want to give to charity while maintaining an income stream. A CRT is a special kind of trust that allows clients to donate appreciated stock to it.

“The trust sells the stock and diversifies the portfolio, defers any capital gains tax and provides the client with an income stream for their lifetime – or their kids’ or even grandkids’ lifetimes,” Mahana explained. “When the donor dies, then the charity that the grantor has chosen gets whatever’s left over in that trust.”

These structures can be particularly appealing to clients seeking flexibility in retirement. “Clients who are really looking for an income stream in their retirement years, or who want to retire early, can benefit from a charitable trust,” Mahana said. “This strategy can be particularly beneficial for clients who don’t have children or feel that their children will receive ‘enough’ from their estate, or the clients have a beloved charity or cause that they really want to benefit, while retaining an income stream for a period of time.”





## Grantor retained annuity trust: Low-risk, high-reward estate planning

For clients who are hesitant to make large lifetime gifts, a grantor retained annuity trust (GRAT) is a low-risk strategy for transferring wealth without giving up control of the underlying asset.

“One of the biggest fears that a client has with respect to planning and gifting is they don't want to give away so much for a variety of reasons,” Oh said. “What a GRAT does is it allows you to keep your assets and give away its appreciation over a certain interest rate, and you get to do it practically gift tax-free. You're using little to none of your gift tax exemption.”

The structure works by transferring assets into a trust for a fixed term, often two years. During that period, the trust pays the grantor back an annuity based on a government-set interest rate (currently around 5%).

“The government says, ‘I bet you can't outperform a 5% return on your investments year over year for the next two years,’” Oh said. “If you do, if you beat the government at this game, you can transfer all that out-performance to your children, gift tax-free.”

If the assets don't exceed the required return, the worst-case scenario is that the assets revert back to you.

“You're just out the legal and accounting costs, but you can always try again,” Oh said. “It's like, heads, you win, tails, you tie.”

GRATs are a common strategy among prominent families and entrepreneurs. The approach gained notoriety through the Walmart family and has been used repeatedly by others, such as Mark Zuckerberg and the Adelson family. Many set up multiple GRATs at once because they're relatively simple to establish.



## Attorney best practices in volatile markets

Navigating wealth planning during periods of economic and legislative uncertainty requires a balance of technical capabilities with strategic foresight and strong client communication. Here are best practices to help you provide high-value counsel in volatile markets:

### Stay calm and encourage clients to do the same

Market downturns can trigger emotional reactions. As Mahana advises: “Don’t panic. Clients should not do things on impulse. They should always consult their legal and tax advisors to strategize and plan, instead of panicking, dumping stock into the market and selling everything in response to market fluctuations.” Encouraging thoughtful decision-making can prevent costly mistakes and missed opportunities.

### Collaborate with financial and tax professionals

Effective wealth planning is multidisciplinary. Mahana emphasizes the importance of building strong relationships with trusted financial advisors and tax specialists, “Really lean on your resources and talk to these financial and tax advisors to get their input before discussing options with your client.” Leveraging their insights can help you identify tax-saving strategies and ensure integrated advice that reflects the client’s entire financial picture.

### Tailor communication to your client’s style and needs

Clients differ in how they process information and make decisions. Oh has found that framing complex legal concepts in a way that aligns with a client’s personality and preferred communication style often resonates and builds confidence.

“For analytical-minded clients, bring the data. For others, history might help. Of course, history might not repeat itself identically from what it’s done before, but sometimes it’s similar. Take a look at what has happened before to help clients understand what’s going on now, and perhaps what will happen in the future,” Oh said. “The key is helping the client avoid emotional, reactive decisions.”

### Emphasize flexibility in planning

The current environment demands estate plans that can adapt as laws and market conditions evolve. Encourage clients to use flexible trust terms, consider adding trust protectors and explore wait-and-see funding strategies or promissory notes to maintain options without locking in premature decisions. This approach helps future-proof plans and avoids costly overhauls.

### Highlight California-specific implications

Be vigilant about local rules and state-specific nuances that can significantly impact the effectiveness of gifting and estate strategies, and proactively discuss them with clients, coordinating with local tax counsel as necessary.

For example:

#### Property tax reassessment risk

When transferring real estate through a GRAT or other gifting strategy, California property tax rules can create unintended consequences. Certain transfers may trigger a reassessment, leading to a higher property tax bill, which is an often-overlooked risk in estate planning.

#### Community property step-up

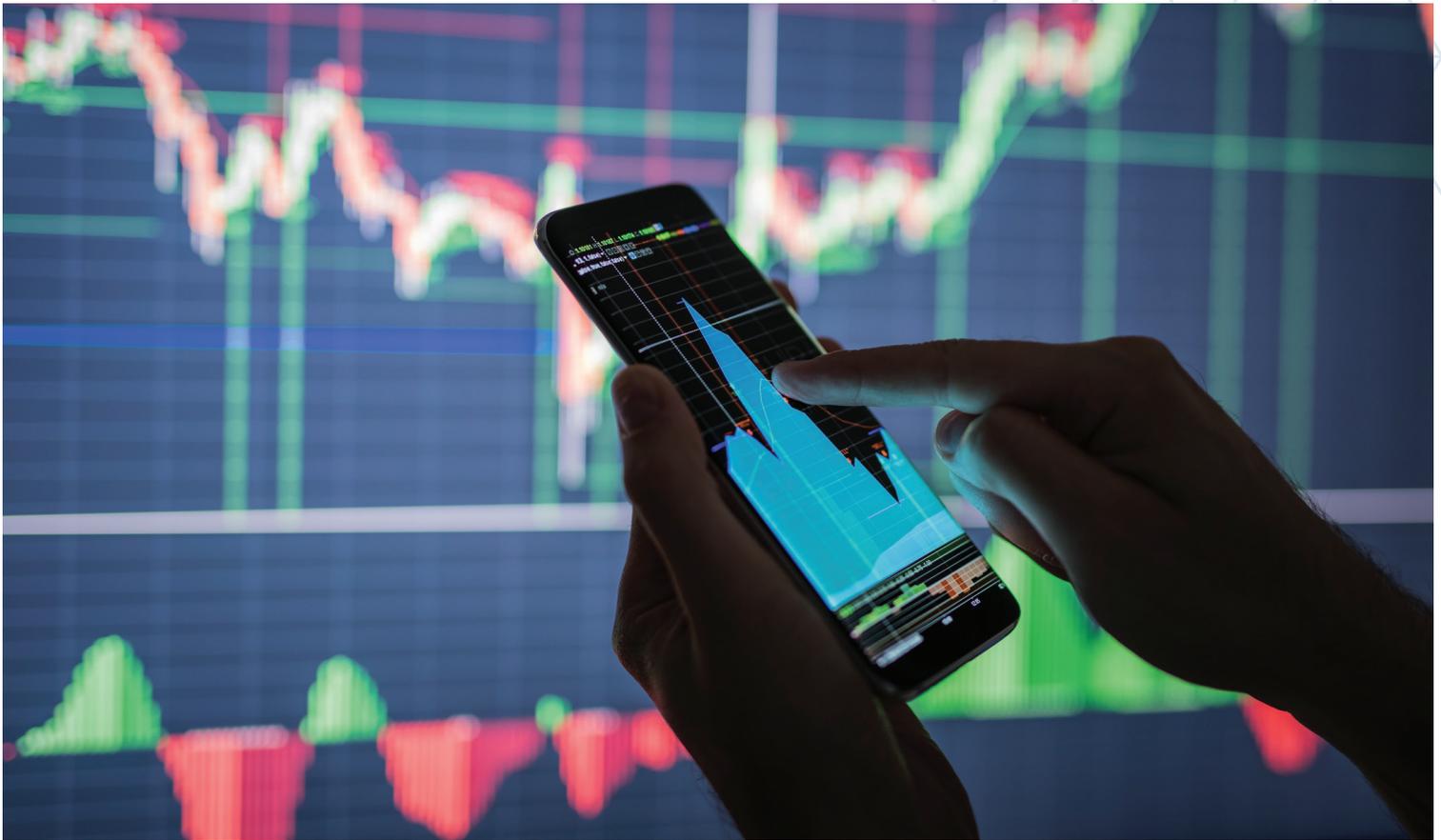
In California, community property laws provide a full step-up in basis for both spouses’ shares of an asset upon the death of one spouse. This means that, for appreciated assets like stock, selling shortly after a spouse’s death could result in little or no capital gains tax, which is an important tax-saving opportunity to weigh when considering gift strategies.

Be vigilant about local rules like California’s property tax reassessment risks and community property step-up benefits.

### Document and update regularly

Periodic reviews are critical in volatile times. Encourage clients to revisit plans annually or whenever major life or market events occur. Clear documentation and timely updates help ensure plans remain aligned with client goals and legal requirements.





## Context, creativity and calm win the day

Market volatility and economic uncertainty are not just obstacles; they also create valuable opportunities for strategic planning. Down markets provide moments to implement tax-efficient gifting, execute Roth conversions and design flexible trusts, all of which can help preserve wealth over the long term.

The most effective California wealth attorneys combine strong technical expertise with clear, empathetic communication. Providing confident, steady guidance helps clients respond to uncertainty with actionable steps that protect legacies and adapt to changing laws.

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To explore practical trusts and estates insights tailored to today's challenges, get in touch to schedule a free demo.

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