THE PERSONAL FINANCE INSIDER

Many of the financial decisions we make—from the jobs we accept to the cars we buy—are driven by what our guts tell us. Thomas R. Seneca, a partner at TM Wealth Management (tm-wealth.com) who has worked with some of Wall Street's biggest banks, says his firm follows a decidedly different path: values-based financial planning.

"Before anyone makes a significant financial decision, they need to be clear about what's important to them—the values upon which those decisions are based," he says, adding that his team asks clients about financial goals and timelines while benchmarking where they are financially. "The outcome of this experience is a co-created, compelling vision of their future, allowing them to make the best possible decisions."

"We are wealth managers and not financial advisors because there's much more than investments that impact your wealth," says Seneca. "To that end, we function as our client's financial quarterback in coordinating their wealth: tax planning, estate planning, financial planning, investments, risk management and insurance."

THE ADVICE

Each year, Seneca and his team review client tax returns with the client's CPA, enabling them to identify areas where they can be more efficient.

"This can be looking at asset location," he says. "This identifies where specific assets should be held for maximum tax efficiency. For example, a bond portfolio should be held in an IRA or 401k, [which] aren't taxed on the income they produce. Additionally, looking at Roth conversion, tax-loss harvesting and tax-loss carry-forwards are all strategies every investor should employ to be more tax efficient."

Retirement also requires a concrete strategy, according to Seneca. "The planning should start a minimum of five years before retirement—what we call the Retirement Redzone," he says. "Significant decisions are made during this time frame. Things like Social Security, Medicare, pensions and investment strategies."

Thomas R. Seneca is a partner at TM Wealth Management.

PHOTO COURTESY OF THOMAS R. SENECA. OPPOSITE PAGE, PHOTO BY JEFF TUMALE

> "BEFORE ANYONE MAKES A SIGNIFICANT FINANCIAL DECISION, THEY NEED TO BE CLEAR ABOUT WHAT'S IMPORTANT TO THEM—THE VALUES UPON WHICH THOSE DECISIONS ARE BASED."
>
> –THOMAS R. SENECA

THE PAYOFF

Seneca's firm has helped clients retire sooner than they thought possible. For those whose retirement is years away, Seneca says he uses the bucket approach.

"This is a strategy where we hold one to three years of income needs in a capital preservation strategy—something with very low risk but, at a minimum, keeps up with inflation. The next bucket is the three- to seven-year bucket, which has a little more growth investments but is still fairly conservative. The final bucket is the seven-plus-year bucket. Here, we're full growth in the assets that fill this bucket."

The advisor says that as income moves from the initial bucket, the conservative bucket replenishes it—and the growth bucket refills the conservative bucket. "Structuring a portfolio along this time horizon comforts clients that they don't need to be concerned about market fluctuations for three years as the first bucket doesn't fluctuate," says Seneca. "Additionally, it allows us to structure a portfolio that spreads the risk across the buckets and gives a more growth orientation to the portfolio."