



L I F E T I M E P L A N N I N G

Inheritance, Multi-Generational Planning

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Let's Talk About Money

"Shirtsleeves to shirtsleeves in three generations." —Andrew Carnegie



We don't talk
to the kids
about money

"They'll discuss it in the wrong company."

"If they know how much we have it will hinder their ambitions."

"They'll worry about our situation."

"Our parents never discussed finances with us."

"It will change their values."



We don't talk
to our spouses
about money

"It will cause stress."

"It will lead to fights."

"He/She doesn't know anything."

"He/She isn't interested."

"That's his/her job."

"It will come between us."



We don't talk
to our parents
about money

"They will misinterpret my intentions."

"Our parents never discuss money."

"They'll worry about my situation."

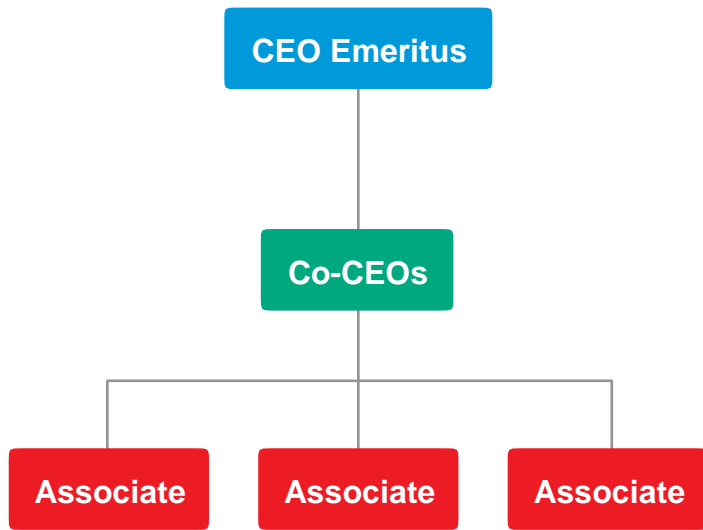
"It will come between us."

Everyone in the Family Has a Role

“Each one of us matters, has a role to play, and makes a difference.” —Jane Goodall

OrganizationOrganization

Responsibilities



CEO Emeritus:

- Promote the family legacy
- Distribute resources to next generation of leaders
- Prepare co-CEOs for the future



Co-CEOs:

- Develop strategic vision
- Monitor and report on finances
- Make strategic investments • Train next generation of leaders



Associate:













- Educated to be a future leader
- Receive salary and bonus
- Given reach assignments
 - Attend meetings
 - Involved in decisions



Children: The Family's Next Generation of Leaders

“Teach the children so it will not be necessary to teach the adults.” —Abraham Lincoln

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	How to Get Money	How to Understand the Value of Money	How to Save and Invest
Preschool	Money is earned Bring your child to work to teach them how you earn money 	Money has value Teach the value of currency 	Money should be saved Fill a jar or piggy bank with money so they can learn how each penny adds up 
Elementary School	You can earn money <ul style="list-style-type: none"> Chores Good grades Helping around the house 	Money has tradeoffs You can't have everything. Choose what you spend money on 	Money in the bank earns interest Open an account for your child so they can deposit the money they save 
Middle School	Others will value your services <ul style="list-style-type: none"> Jobs around the neighborhood Babysitting Dogsitting/catsitting 	Money is a finite resource <ul style="list-style-type: none"> Make them pay Clip coupons 	Money in equities can produce better returns 
High School	Part-time jobs provide steady income Find an after-school job 	Money can be borrowed <ul style="list-style-type: none"> Open a credit card Show how to pay bills Teach them mistakes 	Wealth management is about more than just returns Involve them in wealth planning meetings 

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Parents: The Co-CEOs of the Enterprise

“Annual income twenty pounds, annual expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.” —Charles Dickens

The family income statement

Revenue

Expenses

		Housing	35.6%	
		Transportation	19.6	
		Dining Out	15.0	
Wage and Salary		Insurance/Pensions	12.8	
Rental Income		Health Care	6.8	
		Entertainment	5.1	
Interest Income		Apparel	4.1	
Transfer Payments (Ex: Social Security)		Education	2.7	
		Personal Care	1.3	

The family balance sheet

Assets

Liabilities

Safe Assets:

- Savings
- Checking accounts
- Certificates of deposit

Financial assets:

- Bonds
- Stocks

Non-financial assets:

- Residential property
- Business property
- Art
- Jewelry
- Furniture
- Cars

Entrepreneurial assets:

- Business
- Intellectual property



Mortgage debt/rent



Student Loans



Credit card debt



Car loans



Miscellaneous	1.3
Alcohol	0.8



Revenue – Expenses = Net Income

Source: U.S. Department of Labor, 12/31/16.

CEO Emeritus

“Youth is the gift of nature, but age is a work of art.” —Stanislaw Jerzy Lec



Promote the family legacy



Family History



Family Values



Family Traditions



Impart wisdom on and distribute resources to the future leaders



Prepare the CEOs

- ☐ List of assets and liabilities
- ☐ Estate planning documents
- ☐ Bank account numbers
- ☐ Insurance policy numbers
- ☐ Retirement account numbers
- ☐ Brokerage account information
- ☐ Income source breakdown (by percentage)
- ☐ Financial planner's information
- ☐ Accountant's information
- ☐ Doctors' names and information
- ☐ List of prescription drugs
- ☐ Medical history
- ☐ Important passwords

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Index Definitions

The 10-Year U.S. Treasury Yield is generally considered to be a barometer for long-term interest rates.

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs).

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of U.S. Government and corporate bonds that includes reinvestment of dividends.

The Bloomberg Barclays Aggregate Corporate Bond Index represents primarily investment-grade corporate bonds within the Bloomberg Barclays U.S. Aggregate Bond Index. The Bloomberg Barclays Aggregate U.S. Treasuries Index represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

The Bloomberg Barclays High Yield Bond Index covers the universe of fixed rate, non-investment-grade debt. The JPMorgan GBI-EM Global Diversified Index tracks total returns for local-currency-denominated money market instruments in the emerging markets.

The Bloomberg Barclays Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market and includes bonds rated investment-grade by at least two of the three major rating agencies (Moody's, S&P and Fitch). SBBI U.S. Large Company Stock Index is an unmanaged index of stocks of large U.S. companies.

SBBI U.S. Long-Term Government Bond Index is an unmanaged index generally representative of the bond market. SBBI U.S. Small Company Stock Index is an unmanaged index of stocks of small U.S. companies.

SBBI U.S. (30-day) Treasury Bills is generally representative of the rate of return on a savings investment.

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Index measures the performance of mid-capitalization stocks.

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

The S&P 500 Index is a market-capitalization weighted index of the 500 largest domestic U.S. stocks. Shiller Home Price Index tracks changes in home prices throughout the United States.

Treasury Inflation Protected Securities is generic U.S. Government inflation-index bonds.

The U.S. existing home sales median price tracks changes in residential property prices of existing single-family homes, condos and co-op sales.

Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance does not guarantee future results.**

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