

# WHAT DO DREAMS AND FINGERPRINTS HAVE TO DO WITH ESTATE PLANNING?

by Peter F Florio, CFP, CLU, ChFC, CExP, CLTC

“Estate planning doesn’t work! That’s right, traditional estate planning does not work,” I exclaimed as their look portrayed their astonishment at my statement. Nonetheless, they sat listening intently in my office as I tried to recreate the thinking behind their dad’s decision to create a wealth preservation plan that modeled his life values.

“Didn’t our dad already have an estate plan?” Frank’s son and daughter asked, still stinging over their father’s untimely death. They just couldn’t understand why their dad, as a retired small business owner, had engaged in wealth planning at age 80 – after he had already done estate planning.

As I listened to their questions and concerns, I felt the fall chill in the air. I gazed out the window and watched as a lone leaf fell to the ground and then was whisked off by the wind – never to be seen again. I answered, “Frank, your dad wanted to leave his family an inheritance of more than just his money. He wanted to pass on his values ... and he wanted to leave a lasting legacy in his community.”

“It’s all about dreams and fingerprints,” I said as they looked at me askance.

“That’s what people want to use their wealth for – dreams and fingerprints,” I continued. “Have you ever said, ‘One day when I have more money I’ll...?’ Well, those are dreams. Fingerprints are those things that you want to leave your mark on even after you are gone – the people, causes, and institutions you care about.”

“Even at age 80, your dad still had dreams he wanted to accomplish. Unfortunately, nobody had ever asked him about them. Did you wonder why all

of a sudden he bought a new car, looked up his old college buddies and started visiting the grandkids every three months?” I asked. “Well, those were some of his dreams.”

As I went on, I related Frank’s passion. “You know that your dad’s uncle had made it possible for him to be the first in his family to go to college. To be able to make that same opportunity available for each of his grandkids, as well as other deserving students, was huge for him. And you know how much he loved his church. Those were some of the things he wanted

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to leave his fingerprints on. Traditional estate planning never addressed the things that were nearest to his heart – his dreams and fingerprints.”

“This new approach goes way beyond estate planning. It begins where traditional estate planning leaves off. You have heard about some of the financial results.”

“Your dad was able to increase his financial security by reducing his exposure to Expo Bank stock, which made up one third of his total wealth. He was able to avoid the capital gains taxes normally due on the sale of that stock, increase his protection against lawsuits, increase his after – tax cash flow by \$40,000 per year,

receive an income tax deduction of \$150,000, increase the inheritance to heirs by 30 percent, create an estate tax free incentive education fund for his grandchildren, and leave \$1,300,000 to charity.”

“Whoa!” they interrupted. “One million, three hundred thousand dollars to charity! That’s not what we had in mind.”

“Hold on.” I jumped in, while making the “calm down” gesture with my hands. “Besides the benefits to him personally, let’s review the impact on you and the family again. Under traditional estate planning, the IRS would have received \$1 million, you would have received \$2 million, and charity would have received nothing.”

“Now, the IRS will receive nothing, you and your children will receive \$2.6 million – instead of \$2 million – and charity will receive \$1.3 million.”

It took them a few times to understand the power of leveraging – using planning vehicles and financial tools to create more wealth at the end of the process than before. Finally, the light bulb went off! The reasons their dad, at age 80, chose to transform his traditional estate plan were becoming clear – peace of mind, richer life, increased financial security, more inheritance for children and grandchildren, and tax dollars directed to charitable giving.

I continued, “The problem with traditional estate planning is that it is one dimensional – narrowly focusing on just the financial dimension. And yet it’s been abysmal at that! It results in \$20 billion unnecessarily lost to estate taxes every year! The revenue generated from estate taxes grew over 150 percent from 1990 to 2000.”

I explained to them the history of estate taxes – how they originated in the 1700's and have been replaced three times before – and how the two driving forces behind them are revenue generation and wealth distribution. I outlined the growing effectiveness of the second form of wealth redistribution, lawsuits – currently numbering 54,000 every day. I detailed the facts about closely held businesses – how only ten out of every one hundred pass intact through two generations.

“In my day to day practice, “I said, “working with accountants, attorneys, and other financial professionals about advanced wealth preservation, I’m surprised how few know the real problems ... or the real solutions! I tell them that people don’t want “planning” – estate or any other kind. They want to simplify

their financial lives; they want to stay in control of their money and their decisions; they want to know they have enough for the future; they want to give their heirs more and yet ensure that their wealth doesn’t hurt their heirs; and they want to leave a legacy that makes a positive difference.”

I couldn’t help smiling inside as I thought about Frank – how during the last few years of his life he saw some of his dreams come true and how happy he was when he talked about the students who would go to school because of his planning and the lives of the poor who would be touched through his local church.

I can’t help smiling as I write this today about how all of that will continue long after he’s gone – because of Frank’s

desire to have his fingerprints. I am sad that Frank is gone, but deeply satisfied knowing that his influence is not.

What about you? Are there any dreams you’d still like to accomplish? Will you leave your fingerprints on the people, causes, and institutions that you really love? There are over one hundred tools, tactics, strategies, options, and opportunities to help you live out your dreams and leave your fingerprints. Hire a wealth preservation specialist today who can help you move beyond traditional estate planning – to secure your dreams, pass on more to your heirs, and leave a lasting legacy.

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