Wealth Insight

Building Your Wealth Vision

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Dedication

This book is dedicated to my Lord and Savior, Jesus Christ, my loving wife, Molly, my precious princess, Madison, my amazing son, Andrew, my Church, my mother, Anne Maas, and in loving memory of my father, Henry Maas.

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Introduction

The Power of a Wealth Vision

In today's rapidly changing and complex financial environment, the journey toward financial independence can often feel overwhelming. The brisk shifts in markets, the continual changes to tax laws, and the unpredictability of life events all contribute to a sense of uncertainty. Amid this constant instability, one thing remains clear: the need for a strategic, well-thought-out plan to guide your financial decisions. This plan, which I call a Wealth Vision, can be a cornerstone of your financial security and prosperity.

The Purpose of This Book

Wealth Insight: Building Your Wealth Vision is designed to serve as a comprehensive guide for people wishing to have more control of their financial future. Whether you are at the beginning of your financial journey or well along the path, this book offers the tools, strategies, and insights necessary to define, develop, and achieve your Wealth Vision.

At its core, a Wealth Vision is much more than just a financial plan — it provides a holistic approach to aligning your financial goals with your personal values, managing your wealth, and ensuring that every decision you make brings you closer to the lifestyle you envision. This book explains how you can assess your current financial situation, identify the gaps that exist between where you are today and where you want to be tomorrow, and implement a structured plan to close the gaps and achieve your desired wealth and its preservation.

Why a Wealth Vision Matters

Having a Wealth Vision is increasingly critical in today's mercurial world. Financial insecurity in our country is evidenced by the numerous studies showing a significant portion of our population is simply unprepared for retirement. The "retirement gap" — the difference between what people have already saved and what they actually need — is widening at an alarming rate. This gap is not merely a matter of insufficient savings; it also reflects a lack of comprehensive financial planning.

Unfortunately, too, traditional approaches to financial planning often focus on narrow objectives, such as maximizing returns or minimizing taxes. While these are essential components of planning, they do not encompass the full picture of what it really means to live a financially secure and fulfilling life. A Wealth Vision, on the other hand, integrates all the aspects of your financial life, including and not limited to investments and estate planning to lifestyle goals and risk management. As a dynamic, evolving plan, it can also adapt to changes in your life as well as the broader economic environment.

This book will guide you through the process of creating your Wealth Vision, helping you articulate your goals clearly and develop a strategic plan to achieve them. We will explore how you can maximize the value of your assets, minimize the impact of taxes, and maintain more control over your financial decisions and short, medium, and long-term future. By the end of this book, you will have a deep and operational understanding of what it takes to build and maintain a rewarding Wealth Vision tailored to your unique circumstances.

Bridging the Gap Between Goals and Reality

One of the central challenges of financial planning is bridging the gap between your current financial situation and the achievement of your future goals. This gap can appear daunting, but it is not insurmountable. The key to your success is having an absolutely clear understanding of where you are now, where you want to be, and the practical steps required to get you there.

In the chapters that follow, we will explore the critical components of a successful Wealth Vision. You will learn how to evaluate your current financial situation, identify potential risks, and set realistic, achievable goals. We will discuss the importance of lifestyle protection planning and how to create a Lifestyle Return Benchmark™ (LRB) that aligns with your personal and financial aspirations.

Having a clear vision of where you are and what you want, accompanied by a mindset of positive outcomes and the will to act upon the prescribed steps, will often lead to the satisfaction of achieving the desired rewards.

Moreover, you will discover the power of a team approach to financial planning. Building a successful Wealth Vision is not something you must do alone. A team of trusted advisors — your fiduciary quarterback, CPA, attorney, and other professionals — can provide the expertise and guidance that can steer you through the complexities of wealth management. This collaborative approach ensures that every aspect of your financial life is managed with precision and care, and in your best interests.

The Journey Ahead

Creating and maintaining a Wealth Vision is a journey, not a destination, and it can become an enjoyable experience. The process requires steady attention, regular reviews, and the willingness to make adjustments as circumstances change. The financial world is dynamic and constantly in flux, so your approach to managing your wealth and securing a healthy financial future must be open-minded and flexible.

Throughout this book I will share insights, strategies, and real-life examples that illustrate the principles of effective wealth management. You will learn how to build a portfolio that not only meets your financial goals but also provides the security and peace of mind needed to enjoy the fruits of your labor. We will also review the roles of financial professionals who can facilitate your progress and help you achieve your Wealth Vision.

By the end of this exploration you will have a comprehensive understanding of what it takes to build and sustain your financial future. Most importantly, you will become more capable of controlling your financial destiny, empowered with the knowledge and tools to make informed, confident decisions.

Getting Started

Your path to financial independence will have its challenges, but along the way you will also discover a plethora of opportunities. Possessing a clear and actionable Wealth Vision transforms those challenges into progressive steps that can guide you toward a brighter, more secure future.

Thank you for joining me as we explore the principles and strategies that will help you build your Wealth Vision, expand the potential of your wealth, ensure its growth and increase your capacity to enhance the quality of your life and the lives of those you love.

Welcome to *Wealth Insight: Building Your Wealth Vision*. Let's begin this truly thrilling journey by visiting a future where your financial goals are not just dreams, but your new reality.

Chapter 1

Understanding Your Wealth Vision

Defining a Wealth Vision

When seeking financial independence, one of the most powerful tools you can possess is a clear and well-defined Wealth Vision. But what exactly is a Wealth Vision? A Wealth Vision is a comprehensive blueprint for your financial future. It encompasses your financial goals, of course, and also your personal values, aspirations, and the legacy you wish to leave.

A Wealth Vision is not a one-size-fits-all plan. It is authentically personal and unique, tailored to your specific circumstances, priorities, and life stage. Whether you are building wealth, preserving it, or planning for its distribution, your Wealth Vision serves as your guiding star, helping you make important, life-altering decisions with clarity and purpose.

The Wealth Vision Process

Creating a Wealth Vision is a structured process that is also stimulating because it generates ideas that reveal potentialities you may want to consider and manifest. Wealth is a form of power that can be used to eliminate limitations and create the imaginable.

Your Wealth Vision starts with a thorough assessment of your current financial situation, and then extends to the

formulation of strategies designed to achieve the long-term goals you have envisioned. Here are the key steps involved with developing your Wealth Vision.

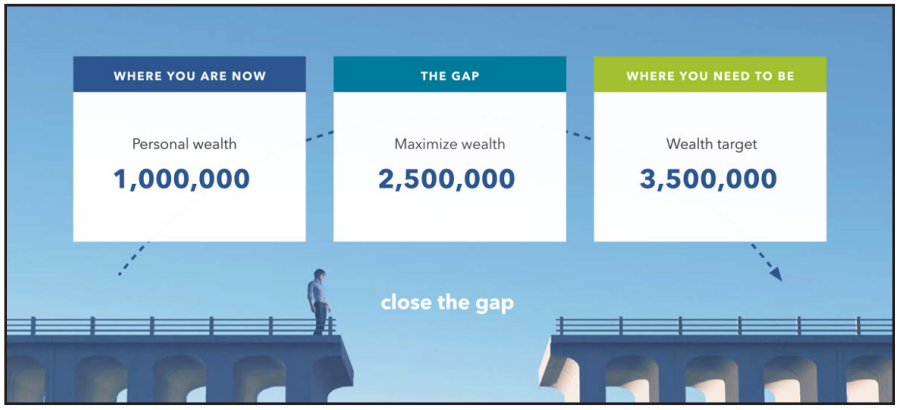

Figure 1: Close the Gap.

1. Where You Are Now

The first step in developing a Wealth Vision is to take stock of your current financial situation. This involves a detailed examination of your assets, liabilities, income, expenses, and investments. Understanding where you stand financially is crucial because it forms the foundation upon which your Wealth Vision will be built. Knowing what you now know gives you and your advisor a starting point with understanding what needs to be done to get you where you're going!

This stage also involves assessing your financial behaviors and attitudes. Are you a conservative investor who prioritizes capital preservation, or are you more inclined to take risks for higher returns? How do you manage debt, and what are your spending habits? These insights are vital in shaping a Wealth Vision that aligns with your financial personality. We need to make your Wealth Vision a custom fit.

2. Where You Need to Be

Once we have a clear picture of your current financial state, the next step is to define your financial goals. These goals can vary widely depending on your life stage, priorities, and personal values. Common financial goals include:

- **Retirement Planning:** Ensuring that you have sufficient resources to maintain your desired lifestyle in retirement.
- **Education Funding:** Setting aside money for your children's or grandchildren's education.
- **Wealth Expansion:** Adding to your wealth to fund your personal and business interests.
- **Wealth Preservation:** Protecting your assets from inflation, taxes, and market volatility.
- **Estate Planning:** Ensuring that your wealth is distributed according to your wishes after your death.
- **Philanthropy:** Allocating a portion of your wealth to charitable causes that are important to you.

These goals should be specific, measurable, achievable, relevant, and time-bound (SMART). By clearly defining what you wish to achieve, you set the stage for the next step in the process.

3. The Gap

The "gap" is the difference between your current financial situation and the achievement of your long-term financial goals. It represents the challenges and obstacles that stand in the way of fulfilling your Wealth Vision. Identifying the gap is

critical because it highlights the areas where you need to focus your efforts and resources.

For example, if your goal is to retire comfortably at age 65 but your current savings rate is insufficient to meet that goal, the gap might include increasing your savings' rate, adjusting your investment strategy, or finding additional sources of income. Understanding the gap allows you to prioritize your financial strategies and make informed decisions about how to allocate your resources for improved performance.

4. Closing the Gap

Closing the gap is where the real work begins. This stage involves developing and implementing strategies to bridge the gap between your current situation and the realization of your financial goals. These strategies can include:

- **Increasing Savings:** Adjusting your budget to save more money each month.
- **Optimizing Investments:** Rebalancing your portfolio to align with your risk tolerance and return objectives.
- **Debt Reduction:** Paying down high-interest debt to free more resources for saving and investing.
- **Income Generation:** Exploring new income streams, such as starting a side business or investing in income-producing assets.
- **Tax Optimization:** Implementing tax-efficient strategies to minimize your tax liability and maximize your after-tax returns.

By systematically addressing the gap, you can move closer to realizing your Wealth Vision. This process requires discipline, consistency, and a willingness to make adjustments as circumstances change.

Wealth Vision Goals

As you work toward closing the gap, it is important to keep your Wealth Vision goals at the forefront of your decision-making process. These goals serve as the guiding principles for all your financial actions and decisions. Let's explore the three primary goals that should underpin your Wealth Vision.

Figure 2: Wealth Vision Goals.

1. Maximize Value

Maximizing the value of your assets is a fundamental goal of any Wealth Vision. This involves not only growing your wealth through strategic investments but also preserving it through prudent financial management. Maximizing value requires a careful balance between risk and return, as well as a focus on efficiency in every aspect of your financial life.

For example, maximizing value might involve optimizing your investment portfolio to achieve the highest possible returns within your risk tolerance. It could also include strategies for minimizing fees, taxes, and other costs that can erode your wealth over time.

2. Minimize Taxes

Taxes are an inevitable part of financial life, but effective tax planning can help you minimize their impact on your wealth. One of the key goals of a Wealth Vision is to implement strategies that reduce your tax liability, both now and in the future.

This might involve acquiring tax-advantaged accounts, such as IRAs and 401(k)s to defer taxes on your investments. It could also include strategies for minimizing estate taxes, such as setting up trusts or making charitable donations. By minimizing taxes, you can keep more of your hard-earned money and use it to achieve your financial goals.

3. Maintain Control

Maintaining control over your financial future is another essential goal of a Wealth Vision. This means having the flexibility to make decisions that align with your values and goals, even in the face of uncertainty.

Maintaining control involves setting up structures, such as trusts and powers of attorney, that ensure your wishes are carried out in the event of illness, incapacity, or death. It also involves having a clear understanding of your financial situation and making informed decisions about how to allocate your resources to ensure that your wealth is used to achieve your desired outcomes.

The Five Ws of Wealth Vision

A successful Wealth Vision is built on a clear understanding of the Five W's: Who, What, Where, When, and Why. These questions form the foundation of your financial plan and guide your decision-making process, composing the information that's required to answer the "How".

1. Who: Identify the Key Beneficiaries of Your Wealth

The first question to ask when developing your Wealth Vision is, "Who are you investing for?" This might include yourself, your spouse or partner, your children, your grandchildren, or charitable organizations that are important to you. Understanding who will benefit from your wealth is crucial because it shapes your financial goals and priorities.

For example, if your primary goal is to ensure a comfortable retirement for yourself and your spouse or partner, your investment strategy might focus on income generation and capital preservation. If you are investing for your children's education, you might prioritize tax-advantaged accounts, such as 529 plans. Identifying the key beneficiaries of your wealth allows you to tailor your financial plan to meet their specific needs.

2. What: Determine the Purpose of Your Investments

The next question to ask is, "What are you investing for?" This question helps you clarify the purpose of your investments and ensure that they align with your overall financial goals.

Common investment purposes include accumulation (building wealth over time), income (generating regular income from your investments), and distribution (using your wealth to support your lifestyle or leave a legacy). Understanding the purpose of your investments allows you to make informed decisions about asset allocation, risk management, and investment selection.

3. Where: Discuss Asset Allocation and Location

The question of "Where" involves determining where your assets should be located and how they should be allocated. Asset allocation is the process of dividing your investments among different asset classes, such as but not limited to stocks, bonds, insurance products, and real estate to achieve your financial goals while managing risk.

Asset location (not allocation) involves deciding where to hold your investments for your plan's best interests, such as to maximize tax efficiency. For example, tax-efficient investments, such as index funds, might be held in taxable accounts, while tax-inefficient investments, such as bonds, might be held in tax-advantaged accounts.

Another aspect of locating, or placing, your assets wisely is to give some consideration to using LLCs, trusts and annuities. For example, placing wealth over $500,000 in a Limited Liability Company (LLC) can be a valuable strategy for

protecting and managing your assets as it offers several key advantages that might appeal to both individual investors and business owners looking for a means to preserve and grow wealth while minimizing personal risk.

Why Use an LLC for Asset Protection?

An LLC provides a shield of liability protection, meaning personal assets and business assets are legally separated. This protective "veil" is one of the most compelling reasons to put substantial assets into an LLC.

Benefits of an LLC for High-Value Assets

Privacy and Anonymity: An LLC can provide an additional layer of privacy, especially if the LLC is registered in a state that permits anonymous ownership, such as Delaware or Nevada. This anonymity can deter lawsuits since individuals with hidden assets may appear to be less attractive targets.

Tax Flexibility: LLCs offer multiple taxation options, which can be tailored to benefit high-value asset owners. Wealthy individuals may prefer pass-through taxation, meaning the LLC's profits are only taxed on the individual's tax return, potentially lowering tax liability. However, an alternate choice allows the option of taxing the LLC as a corporation, potentially benefiting from lower corporate tax rates.

Ease of Transfer and Estate Planning: By placing assets into an LLC, you can assign ownership shares to family members, business partners, or heirs. This arrangement may provide smoother asset transfer, simplifying estate planning and often reducing the need for probate. It can also prevent

family disputes by clearly defining ownership stakes in the operating agreement.

Financial Control: If you have substantial wealth tied to investments, such as real estate or business ventures, holding them in an LLC could provide streamlined management. You can use the LLC to direct funds, hold investment accounts, or pool family assets. Many wealthy families set up "family LLCs" to manage shared assets and plan long-term financial growth together.

By transferring significant assets into an LLC and with proper planning and ongoing maintenance, using an LLC for wealth protection can be a highly effective strategy for preserving your assets against a variety of legal and financial risks.

Consider consulting with your fiduciary financial advisor to determine if an LLC is the best choice for you, and if it is, your advisor can also guide you with creating the LLC. Understanding where to allocate and locate your assets is crucial for optimizing your investment strategy and the returns or risk-security your Wealth Vision requires.

4. When: Establish Timelines for Your Financial Goals

The question of "When" involves establishing timelines for your financial goals. When do you need your money? Are your goals short-term, mid-term, long-term, or a mix of all? Understanding the time horizon for your goals is essential for determining the appropriate investment strategy.

For example, if you have a short-term goal, such as buying a home in the next few years, you might prioritize low-risk

investments that preserve capital. If your goals are long-term, such as retirement, you might be willing to take on more risk in pursuit of higher returns. Establishing timelines for your financial goals ensures that your investment strategy is aligned with your time horizon.

5. Why: Clarify Your Reasons for Investing

Finally, the question of "Why" is perhaps the most important of all. Why are you investing? What drives your financial decisions? For some, the motivation might be to achieve financial independence and retire early. For others, it might be to provide for their family, support charitable causes, or leave a lasting legacy.

Understanding your "Why" is essential because it gives meaning and purpose to your financial plan. It makes you absolutely clear about what you precisely want, ensuring that your investments are not just accumulating wealth purposelessly, but are dynamically achieving the exact goals that are deeply meaningful to you.

The Team Approach: The Role of Advisors in Your Wealth Vision

One of the key components of a successful Wealth Vision is having a team of trusted advisors who can provide expert guidance and support. These advisors play a critical role with helping you develop and implement your financial plan, assuring that every aspect of your Wealth Vision is managed with care and precision.

Figure 3: Your Financial Advisor Is Your Coordinator.

1. Advisor as Fiduciary Quarterback

Your financial advisor serves as the "fiduciary quarterback" of your Wealth Vision team. As a fiduciary, your advisor is legally obligated to act in your best interests, providing objective advice and recommendations that are tailored to your specific needs and goals. The fiduciary quarterback coordinates the efforts of other professionals, such as your CPA, attorney, trustee, mortgage broker, and private banker, ensuring that everyone is working together to achieve your Wealth Vision.

2. CPA

Your CPA plays a critical role in managing the tax aspects of your Wealth Vision. They provide guidance on tax-efficient strategies, help you navigate complex tax laws, and ensure that you are maximizing your after-tax returns. Your CPA also works closely with your financial advisor to develop a tax plan that is integrated with your overall Wealth Vision.

3. Attorney

Your attorney is responsible for the legal aspects of your Wealth Vision, including estate planning, asset protection, and the creation of trusts and other legal structures. They ensure that your wealth is protected from legal risks and that your wishes are carried out in the event of illness, incapacity, or death. Your attorney also works closely with your financial advisor to ensure that your legal and financial plans are aligned.

4. Trustee

The trustee is responsible for managing the assets held in trust for your beneficiaries. They ensure that the assets are managed in accordance with the terms of the trust and that your beneficiaries receive the benefits they are entitled to. Your trustee works closely with your financial advisor and attorney to ensure that the trust is managed in a way that aligns with your Wealth Vision.

5. Mortgage Broker

Your mortgage broker provides guidance on the financing aspects of your Wealth Vision, helping you secure the best mortgage rates and terms for your real estate investments. They work closely with your financial advisor and CPA to ensure that your mortgage strategy is aligned with your overall financial plan.

6. Private Banker

Your private banker provides personalized banking services that are tailored to your unique financial needs. They offer

specialized products and services, such as customized lending solutions and investment opportunities, that are not available to the general public. Your private banker works closely with your financial advisor to ensure that your banking needs are integrated into your Wealth Vision.

Wealth Vision Services

To achieve your Wealth Vision, it is important to take a holistic approach to financial planning, addressing every aspect of your financial life. Though the process may seem onerous at first, by providing an accurate picture of all your financial information, you are helping your financial advisor help you in the best way possible. Imagine going to your doctor and not telling him or her that your neck hurts! It's the same thing here; disclosing all your information will help your advisor prepare the best financial plan … for you!

The following are some of the key services that are integral to a successful Wealth Vision.

1. Asset Protection Planning

Asset protection planning goes beyond traditional estate planning. It involves implementing strategies to protect your wealth from potential risks, such as lawsuits, creditors, and divorce. This might include setting up trusts, creating family limited partnerships, and using other legal structures to safeguard your assets.

2. Insurance Planning

Insurance is a critical component of a Wealth Vision because it provides financial protection against life's uncertainties.

Insurance planning involves assessing your insurance needs, evaluating the coverage provided by your existing policies, and purchasing additional coverage as needed. This might include life insurance, disability insurance, long-term care insurance, and property and casualty insurance. There are also insurance policies that can provide you with steady income, possibly useful for you and your family in retirement.

3. Tax Planning

Tax planning is essential for minimizing your tax liability and maximizing your after-tax returns. This involves implementing strategies to reduce income taxes, estate taxes, gift taxes, and other taxes that can erode your wealth. Tax planning should be integrated with your overall financial plan to ensure that your Wealth Vision is tax-efficient.

4. Investment Planning

Investment planning involves developing a strategy for growing and preserving your wealth over time. This includes asset allocation, risk management, and the selection of individual investments such as stocks, bonds, and real estate. Your investment plan should be tailored to your risk tolerance, time horizon, and financial goals.

5. Real Estate Planning

Real estate planning involves incorporating real estate into your Wealth Vision. This might include purchasing commercial or residential properties, managing rental properties, or using real estate as part of your estate plan. Real estate planning should be integrated with your overall

financial plan to ensure that your real estate investments align with your Wealth Vision.

6. Business Planning

Business planning is essential for entrepreneurs and business owners who want to maximize the value of their business and ensure a successful transition to the next generation. This might include business valuation, succession planning, and strategies for minimizing taxes and maintaining control. Business planning should be integrated with your overall Wealth Vision to ensure that your business is also aligned with your financial goals.

How It Works: The 3-Step Process

The process of building your Wealth Vision involves three key steps:

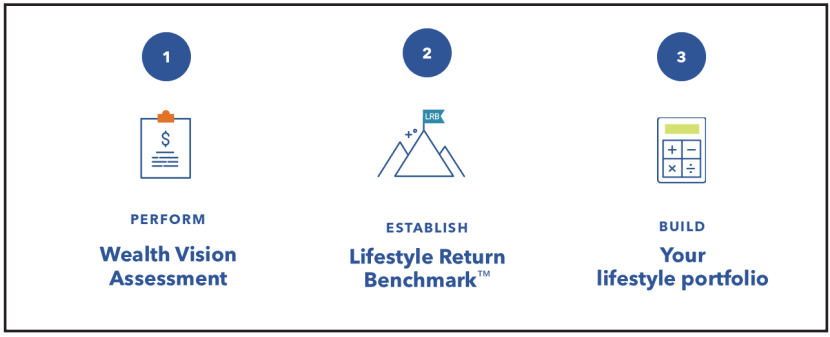

Figure 4: The Wealth Vision Process.

1. Perform the Wealth Vision Assessment

The first step is to perform a comprehensive assessment of your current financial situation, including your assets, liabilities, income, expenses, and investments. This analysis

provides a clear picture of your current financial situation, and forms the foundation for your Wealth Vision.

2. Establish the Lifestyle Return Benchmar™ (LRB)

The second step is to establish a Lifestyle Return Benchmark™ (LRB), which is the rate of return your portfolio needs to achieve to meet your financial goals. The LRB is personalized to accommodate your current financial circumstances and serves you and your advisor as a guide for your tailored investment strategy.

3. Build Your Wealth Vision Portfolio

The third step is to build an investment portfolio that is fully aligned with your Wealth Vision. This involves selecting investments that balance risk and return to ensure your portfolio is designed as precisely as possible to achieve your personalized LRB with the least risk.

You Are the Boss: The Role of the Chairman of the Board

In your Wealth Vision, you are the Chairman of the Board. This means that you have ultimate control over your financial future and the decisions that are made on your behalf. However, as Chairman, you also have a responsibility to assemble a team of trusted advisors who can provide expert guidance and support.

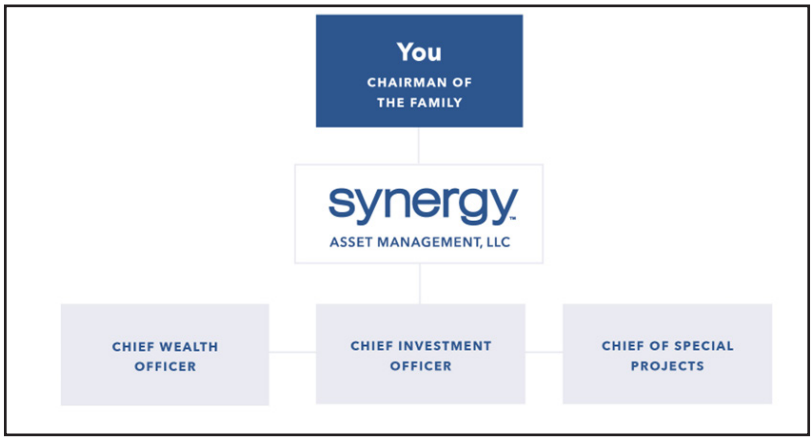

Figure 5: Your Organizational Chart.

1. Chairman of the Board

You are the boss! Your decisions, based on the suggestions of your advisors, is final.

2. Chief Wealth Officer

Your fiduciary financial advisor is your Chief Wealth Officer, responsible for overseeing the implementation of your Wealth Vision. This involves working closely with you, your CPA, attorney, and all the other financially-related professionals, ensuring that your financial plan is executed with precision and care.

3. Chief Investment Officer

Synergy Asset Management is your Chief Investment Officer, responsible for making investment decisions that are aligned with your Wealth Vision. This involves working closely with your Chief Wealth Officer to develop and implement an

investment strategy that is tailored to your risk tolerance, time horizon, and financial goals.

4. Chief of Special Projects

Synergy Asset Management is also your Chief of Special Projects, responsible for overseeing any special projects that are part of your Wealth Vision, such as real estate investments, business ventures, or philanthropic initiatives. This involves working closely with your Chief Wealth Officer and other financially-related professionals to ensure that these projects are executed successfully and contribute to your financial goals.

Summation: Understanding Your Wealth Vision

Chapter 1 introduced the concept of a Wealth Vision, which is a personalized blueprint for achieving financial independence and fulfilling long-term goals. The Wealth Vision emphasizes the importance of assessing your current financial situation, identifying where you choose to be, and recognizing the gap between these two points. This gap represents the challenges and obstacles that must be addressed to reach your financial goals.

Key Wealth Vision goals may include but are not limited to maximizing the value of your assets, minimizing taxes, and maintaining control over your financial future. We also considered the Five W's of a Wealth Vision — Who, What, Where, When, and Why — each of which guides the development of a comprehensive financial plan customized to your unique circumstances.

An essential element of creating a Wealth Vision is adopting the team approach. Each of the various financial professionals you may need to work with, likely to include your fiduciary advisor, CPA, attorney, and other specialists, have an important contributory role and must work together to ensure that every aspect of your financial life is managed properly and in your best interest.

We also considered the three-step process for building your Wealth Vision: conducting a Wealth Vision assessment, establishing a Lifestyle Return Benchmark™ (LRB), and constructing a portfolio that aligns with your goals. As the "Chairman of the Board" of your financial future, you have ultimate control, but your success depends on the collaboration and expertise of a trusted team.

Quiz Questions for Chapter 1

Understanding Your Wealth Vision

1. What is a Wealth Vision, and why is it important?

2. List the four key steps involved in developing a Wealth Vision.

3. What are the three primary goals of a Wealth Vision?

4. What does the "gap" refer to in the context of a Wealth Vision, and why is it important to identify?

5. Explain the significance of the Five W's (Who, What, Where, When, Why) in creating a Wealth Vision.

6. Who typically acts as the "fiduciary quarterback" in a Wealth Vision, and what is their role?

7. Describe the role of the CPA in the Wealth Vision team.

8. What is a Lifestyle Return Benchmark™ (LRB), and how does it integrate with a Wealth Vision?

9. Why is it important to maintain control over your financial future as part of your Wealth Vision?

10. In the context of your Wealth Vision, what responsibilities does the "Chairman of the Board" hold?

Quiz Answers for Chapter 1

1. A Wealth Vision is a comprehensive, personalized blueprint for managing and growing your wealth in alignment with your financial goals and personal values. It is important because it provides clarity and direction, helping individuals bridge the gap between their current financial situation and their long-term objectives.

2. The four key steps involved in developing a Wealth Vision are:

    - Assessing where you are now (current financial situation)
    - Defining where you need to be (financial goals)
    - Identifying the gap (the difference between your current situation and goals)
    - Closing the gap (implementing strategies to achieve your goals)

3. The three primary goals of a Wealth Vision are:

    - Maximizing the value of your assets
    - Minimizing taxes
    - Maintaining control over your financial future

4. The "gap" refers to the difference between your current financial situation and your desired financial goals. Identifying the gap is important because it highlights the areas that need attention and action to achieve your Wealth Vision.

5. The Five W's — Who, What, Where, When, and Why — are critical in creating a Wealth Vision as they

help clarify the key beneficiaries of your wealth, the purpose of your investments, where your assets should be located, your motivations for investing, and the timelines for achieving your financial goals.

6. The "fiduciary quarterback" in a Wealth Vision is typically the financial advisor. Their role is to coordinate the efforts of various professionals, such as CPAs, attorneys, and trustees, ensuring that all aspects of the financial plan work together seamlessly to achieve the client's Wealth Vision.

7. The CPA in the Wealth Vision team is responsible for managing the tax aspects, providing guidance on tax-efficient strategies, and ensuring that tax planning is integrated with the overall financial plan to maximize after-tax returns.

8. A Lifestyle Return Benchmark™ (LRB) is the rate of return that a portfolio needs to achieve to meet an individual's financial goals and lifestyle aspirations. It is integrated with a Wealth Vision as a personalized benchmark to guide investment strategies and ensure alignment with long-term objectives.

9. Maintaining control over your financial future is important in a Wealth Vision because it ensures that your financial decisions reflect your values and goals, and that you have the flexibility to adapt to changing circumstances. Control also involves setting up legal structures to protect your wealth and ensure your wishes are carried out.

10. As the “Chairman of the Board” in the context of your Wealth Vision, you are responsible for making the ultimate decisions about your financial future, overseeing the implementation of your Wealth Vision, and ensuring that the actions of your advisory team align with your goals and values.

Chapter 2

The Importance of Lifestyle Protection Planning

Introduction to Lifestyle Protection Planning

There are many elements to financial planning, and yet one of the most critical but often overlooked aspects is Lifestyle Protection Planning. This process extends beyond traditional financial planning by focusing not only on wealth accumulation but also on ensuring that your lifestyle is protected and sustainable over the long term. Lifestyle Protection Planning is an integral part of your Wealth Vision because it provides a framework for managing the risks that might otherwise derail your financial goals.

Financially, one of the greatest fears investors have is outliving their wealth, or having their spouse or partner outlive their inherited wealth. One of the ways to overcome this quite legitimate fear is by incorporating Lifestyle Protection Planning as a core component of your Wealth Vision.

Lifestyle Protection Planning is centered upon creating a financial strategy that allows you to maintain your desired standard of living, regardless of whatever undesirable events may come your way. Whether it's market volatility, unexpected health issues, or changes in your personal circumstances, Lifestyle Protection Planning ensures that you are prepared to face these challenges without compromising your financial security or lifestyle.

The Role of the Lifestyle Return Benchmark™ (LRB)

A key component of Lifestyle Protection Planning is the establishment of a Lifestyle Return Benchmark™ (LRB). The LRB is the personalized rate of return your portfolio needs to achieve over a prescribed period of time in order to support your lifestyle goals and aspirations. Unlike generic benchmarks such as the S&P 500, which may not be relevant to your specific situation, the LRB is customized to your unique financial circumstances.

Figure 6: Calculating Your Risk Tolerance.

1. Risk Willingness and Ability: Assessing Your Capacity for Risk

The first step in establishing an LRB is to assess your willingness and ability to accept risk. Risk willingness refers to your personal emotional tolerance for financial risk — how much uncertainty and fluctuation in your portfolio's value you can comfortably endure without sleepless nights. This is a subjective measure and, as you can surely imagine, varies widely from person to person. You might be willing to accept the loss of $50,000 from your portfolio if the risk also means

having the potential return of $200,000 in your portfolio. Then again, the loss of $20,000 might be absolutely terrifying since your risk willingness is somewhere near null.

On the other hand, risk ability is a more objective measure. It involves a quantitative analysis of your financial situation, including your income, expenses, assets, liabilities, and time horizon. Your risk ability determines how much risk you can afford to accept without jeopardizing your financial goals.

It is essential to strike a balance between these two factors, risk willingness and risk ability, when setting your LRB, as too much or too little risk can have significant consequences on your financial future.

2. Calculating the Required Rate of Return (RRR)

Once your risk willingness and risk ability have been assessed and you and your financial advisor both have a clear idea of how you wish to experience risk in your portfolio, the next step is to calculate your Required Rate of Return (RRR). The RRR is the rate of return your portfolio must achieve to meet your financial goals, taking into account the values expressed in your risk profile.

In essence, the RRR is the target return or ROI your investment portfolio must regularly achieve if you are to actually have the future lifestyle you envision. Does your intended future lifestyle of a comfortable home, a healthy and steady annual income, funds for travel and hobbies, a legacy for your family, and charitable contributions mean you need a 6% RRR or a 15% RRR? Well, it depends!

Calculating the RRR involves several factors, including your

current and future income needs, expected inflation, the time horizon for your goals, taxation complications, and any planned withdrawals from your portfolio. The RRR is a critical component of your LRB as it boldly identifies the exact percentage your investment strategy must achieve over time.

By establishing an RRR, you can ensure that your investment portfolio is aligned with your lifestyle goals and that you are not taking on unnecessary risk trying to overachieve, nor are you missing legitimate opportunities by underachieving. You know, pretty exactly, what your return target is because it is a key feature of attaining the lifestyle you desire. An RRR also allows you to regularly measure your progress over time and make adjustments as needed to stay on track as your portfolio increases and your investment time decreases.

Figure 7: Example of a Lifestyle Return Benchmark™ (LRB).

Personalizing the Benchmark: Making the LRB Relevant

One of the most important and beneficial aspects of the LRB is its personalization. Unlike traditional financial benchmarks that are often used as a one-size-fits-all measure of fictitious

success, the LRB is designed so it is fully relevant to your specific circumstances. This personalization makes the LRB a more truthful, meaningful, predictive and practical tool for managing your wealth.

1. Aligning the LRB with Your Goals

A personalized LRB aligns with your specific financial goals. For example, if your primary goal is to retire comfortably at age 65, your LRB should reflect the rate of return needed to achieve that goal based on your current savings, expected contributions, and time horizon. If you have multiple financial goals, such as funding a child's education or purchasing a second home, your LRB should also account for each of these objectives.

Personalizing your LRB also involves considering your unique financial situation, such as your tax bracket, investment preferences, and any special circumstances that may affect your financial plan. By making the LRB relevant to your goals, you can ensure that your investment strategy is both realistic and achievable … and satisfying.

2. Regular Reviews and Adjustments

As with any financial plan, your LRB is not static. It should be reviewed regularly and adjusted as needed to reflect changes in your financial situation, your goals, or fluctuating market conditions. Regular reviews and adjustments as needed ensure that your LRB remains relevant and that you are on track to achieve your Wealth Vision.

For example, if you experience a significant life event, such as a career change, marriage, or the birth of a child, your

financial goals may change and your LRB should be adjusted accordingly. Similarly, if market conditions change, such as a prolonged period of low interest rates or increased market volatility, your LRB may need to be recalibrated to ensure that it continues to meet your projected needs.

By regularly reviewing and adjusting your LRB, you can maintain control over your financial future and ensure that your lifestyle remains protected, even when conditions become uncertain.

Integrating Lifestyle Protection Planning with Wealth Vision

Lifestyle Protection Planning is not a stand-alone process; it is integral to your overall Wealth Vision. By incorporating Lifestyle Protection Planning into your Wealth Vision, you can create a comprehensive financial plan that addresses both your wealth accumulation goals, wealth preservation goals, and your lifestyle needs.

1. Building a Resilient Portfolio

A key aspect of integrating Lifestyle Protection Planning with your Wealth Vision is building a resilient investment portfolio. This involves selecting investments that are aligned with your LRB and which provide a balance between growth and protection. A resilient portfolio is one that can weather market downturns and other challenges, financial or personal, while still providing the returns needed to achieve and maintain your financial goals.

To build a resilient portfolio, it is important to diversify your investments across different asset classes, such as

stocks, bonds, real estate, and alternative investments. Diversification helps spread risk and reduces the impact of any single investment on your overall portfolio. Additionally, it is important to consider the value and role of fixed income investments such as bonds, which can provide both stability and income, especially during periods of market volatility.

2. Incorporating Risk Management Strategies

Risk management is an existential component of both Lifestyle Protection Planning and your overall Wealth Vision. Generally, managing risk helps you retain the wealth you've already accumulated; why risk what you've labored to build? Effective risk management involves identifying potential risks that could threaten your current wealth and your financial goals, and implements strategies to mitigate those risks.

Some common risk management strategies include:

- **Insurance:** Purchasing appropriate insurance coverage, such as life, health, disability, and long-term care insurance, can protect your financial plan from unexpected events. Insurance investment policies can also contribute to your wealth's accumulation and preservation.
- **Emergency Fund:** Maintaining an emergency fund with sufficient liquidity to cover unexpected expenses, such as medical bills or job loss, can prevent you from having to withdraw from your investment portfolio and lose wealth, opportunity, and time.
- **Estate Planning:** Implementing estate planning strategies, such as setting up trusts and powers of attorney, ensures that your wealth is protected and

distributed according to your wishes in the event of incapacity or death.

By incorporating these and other risk management strategies into your Wealth Vision, you can protect your lifestyle and ensure that your financial plan remains on track, able to weather times of uncertainty.

The Benefits of Lifestyle Protection Planning

The benefits of Lifestyle Protection Planning are numerous and far-reaching. By integrating this process into your Wealth Vision, you can enjoy greater financial security, peace of mind, and confidence in your financial future.

1. Greater Financial Security

One of the primary benefits of Lifestyle Protection Planning is greater financial security. By establishing a personalized LRB and implementing risk management strategies, you can ensure that your financial plan is resilient and your lifestyle is protected. This security allows you to focus on achieving your financial goals without worrying about the impact of unexpected events or market downturns.

2. Peace of Mind

Lifestyle Protection Planning also provides peace of mind. Knowing you have a plan in place that's designed to protect your lifestyle and financial future can reduce stress and anxiety about the loss of your assets and money. This peace of mind allows you to enjoy your wealth and focus on the things that matter most to you, such as spending time with family, having fun with life and hobbies, or contributing to your community.

3. Confidence in Your Financial Future

Finally, Lifestyle Protection Planning gives you confidence in your financial future. By taking a proactive approach with managing your wealth and protecting your lifestyle, you can be confident you are on track to achieve your financial goals and the future you envision. This confidence allows you to make informed decisions, take careful risks, and participate in opportunities that align with your Wealth Vision.

Summation: The Value of Your Lifestyle Assessment

Lifestyle Protection Planning is an essential component of a successful Wealth Vision. By establishing a personalized Lifestyle Return Benchmark™, building a resilient portfolio, and incorporating risk management strategies, you can protect your lifestyle and ensure that your financial plan remains on track.

As you continue forward toward financial independence, remember that Lifestyle Protection Planning is not a singular event. This is an ongoing process that requires regular reviews and adjustments to make sure your plan stays relevant and effective. By integrating Lifestyle Protection Planning into your Wealth Vision, you can enjoy greater financial security, peace of mind, and confidence in your financial future.

It's clear that the Lifestyle Return Benchmark™ (LRB) is not just a helpful tool — it's the cornerstone of your entire financial strategy. The LRB is the foundation upon which your lifestyle portfolio is built, guiding every decision and ensuring that your investments are aligned with your personal goals and risk tolerance. With a well-defined LRB, you have a precisely

measured known target for the returns your portfolio needs to achieve, and a personalized framework for selecting the right mix of assets.

In Chapter 3 we explore how to construct a portfolio that is not only designed to meet your LRB but also resilient enough to adapt to constantly changing market conditions and life's circumstances. By understanding how the LRB influences your portfolio construction, you can build a financial plan that supports your lifestyle today and secures your financial future tomorrow.

Quiz Questions for Chapter 2

The Importance of Lifestyle Protection Planning

1. What is Lifestyle Protection Planning, and why is it important in the context of a Wealth Vision?

2. What is a Lifestyle Return Benchmark™ (LRB), and how does it differ from traditional financial benchmarks?

3. What are the two main factors that need to be assessed when determining your risk profile for the LRB?

4. Explain the concept of the Required Rate of Return (RRR) and its role in establishing your LRB.

5. Why is it important to personalize the LRB, and how can it be aligned with your specific financial goals?

6. What are some of the key strategies for building a resilient investment portfolio that aligns with your LRB?

7. How does risk management integrate with Lifestyle Protection Planning, and what are some common risk management strategies?

8. Why should the LRB be reviewed and adjusted regularly?

9. List at least three benefits of incorporating Lifestyle Protection Planning into your Wealth Vision.

10. How does Lifestyle Protection Planning provide confidence in your financial future?

Quiz Answers for Chapter 2

1. Lifestyle Protection Planning is a process that ensures your desired standard of living is sustainable and protected over time, regardless of market conditions or life changes. It is important because it integrates with your Wealth Vision to manage risks and ensure your financial plan supports your lifestyle goals.

2. A Lifestyle Return Benchmark™ (LRB) is a personalized rate of return that your portfolio needs to achieve to support your specific lifestyle goals. Unlike traditional benchmarks like the S&P 500, which are broad and not tailored to individual circumstances, the LRB is customized to reflect your financial situation and objectives.

    - The two main factors to assess when determining your risk profile for the LRB are:
    - Risk Willingness: Your emotional tolerance for financial risk.

3. Risk Ability: Your financial capacity to take on risk, based on your income, expenses, assets, liabilities, and time horizon.

4. The Required Rate of Return (RRR) is the rate of return that your portfolio must achieve to meet your financial goals. It is calculated by considering factors like income needs, inflation, time horizon, and planned withdrawals. The RRR is crucial in setting your LRB because it provides a clear target for your investment strategy.

5. Personalizing the LRB is important because it makes the benchmark relevant to your specific financial situation and goals. It can be aligned with your goals by considering your unique circumstances, such as your tax bracket, investment preferences, and specific financial objectives like retirement, education funding, or wealth preservation.

6. Key strategies for building a resilient portfolio include:

    - Diversifying investments across asset classes (stocks, bonds, real estate, etc.).
    - Including fixed income investments to provide stability and income.
    - Selecting investments that align with your risk tolerance and LRB.

7. Risk management integrates with Lifestyle Protection Planning by identifying potential risks that could threaten your financial goals and implementing strategies to mitigate them. Common strategies include purchasing insurance (life, health, disability), maintaining an emergency fund, and implementing estate planning tools like trusts.

8. The LRB should be reviewed and adjusted regularly to ensure it remains relevant to your financial situation and goals. Life events, changes in market conditions, or shifts in your financial objectives may necessitate recalibrating your LRB to keep your financial plan on track.

9. Three benefits of incorporating Lifestyle Protection Planning into your Wealth Vision are:

- Greater financial security through a resilient and well-managed portfolio.
- Peace of mind knowing your lifestyle is protected against unexpected events.
- Confidence in your financial future by having a clear and proactive plan in place.

10. Lifestyle Protection Planning provides confidence in your financial future by ensuring that your financial plan is resilient, aligned with your lifestyle goals, and adaptable to changes in circumstances. This confidence comes from knowing that your investments are targeted to meet your specific needs and that you are prepared for potential risks.

Chapter 3

Building a Portfolio Aligned with Your Wealth Vision

Introduction to Portfolio Construction

Building a portfolio that aligns with your Wealth Vision is one of the most critical steps in your journey toward financial independence. A well-constructed portfolio is the engine driving your financial plan, providing the returns necessary to meet your goals while managing the risks that could derail your progress. In this chapter, we'll explore the principles of effective portfolio construction, focusing on the integration of risk and return, the relationship between your Lifestyle Return Benchmark™ (LRB) and capital market expectations, and the importance of core and satellite strategies. We'll also discuss how annuities and insurance can play a vital role in achieving your long-term financial objectives.

Integrating Risk and Return: Balancing the Equation

At the core of any investment strategy is the need to balance risk and return. Risk, in investment terms, refers to the potential for loss or variability in investment returns, while return is the gain or income generated from an investment. Achieving the right balance between these forces is essential for ensuring that your portfolio meets your financial goals without exposing you to excessive risk.

Understanding Your Risk Tolerance

As discussed previously, and before constructing your portfolio, it's essential to understand your risk tolerance — a combination of your willingness and ability to take on risk. Your willingness to take on risk is influenced by your personal comfort level with market volatility, while your ability to take on risk is determined by your financial situation, including your income, expenses, and investment horizon.

By understanding your risk tolerance, you can make informed decisions about how to allocate your assets across different investment categories. For example, if you have a high risk tolerance, you may be comfortable with a portfolio heavily weighted toward equities, which have the potential for higher returns but also come with greater volatility. Conversely, if you have a low risk tolerance, you may prefer a more conservative portfolio with a higher allocation to bonds or other fixed-income securities, which offer more stability but typically lower returns.

Linking the LRB to Capital Market Expectations

Another critical step in constructing a portfolio that aligns with your Wealth Vision is linking your Lifestyle Return Benchmark™ (LRB) to capital market expectations. The LRB represents the rate of return your portfolio needs to achieve in order to meet your financial goals and maintain your desired lifestyle. However, the feasibility of achieving your LRB is heavily dependent on the performance of capital markets, now and in the future.

1. Capital Market Expectations

Capital market expectations refers to the projected returns, risks, and correlations of different asset classes, such as stocks, bonds, and real estate, based on economic conditions, interest rates, inflation, and other macroeconomic factors. These expectations are the foundation for setting realistic goals for your portfolio's performance.

For example, in a low-interest-rate environment, bonds may offer lower returns than historically typical, which could impact your ability to achieve your LRB if your portfolio is heavily weighted toward fixed-income investments. Similarly, if equity markets are expected to experience lower growth due to economic headwinds, achieving higher returns from stock investments may be more challenging. As market dynamics change, your portfolio will bear the consequences, and this is why it's so important to make adjustments to your portfolio periodically, as influential circumstances shift.

2. Constructing a Portfolio to Meet the LRB

When constructing a portfolio, the goal is to align the expected returns of the portfolio with your LRB while respecting your risk tolerance. If your LRB is 6%, the portfolio should be designed to achieve an expected return of around 6%, based on capital market expectations, while also balancing the risk you are willing and able to accept. This might involve building a portfolio with a diversified mix of asset classes, such as a combination of equities for growth potential, and also including bonds for stability.

However, it's obvious that the market does not always cooperate with our plans. If capital market expectations

indicate that a portfolio with a 6% expected return carries more risk than you are comfortable having, adjustments may be advised. This could involve reducing the expected return slightly in exchange for a lower risk profile, or exploring alternative investments that may offer better risk-adjusted returns.

3. When the LRB Exceeds Capital Market Expectations

A more challenging situation arises when your LRB exceeds what is realistically achievable based on current capital market expectations. For example, if your LRB is 12%, but the current capital market environment suggests that even the most aggressive portfolio can only realistically achieve an 8% return, this gap presents a significant issue.

You require a higher return than is legitimately possible … so what can be done in such a situation? It becomes paramount to have an open and honest conversation about the limits of investment returns and what this means for the investor's lifestyle wishes. No financial advisor can magically create a portfolio that earns more than what the markets can reasonably provide. When the LRB is set at a level that exceeds what the markets can deliver, it's necessary to explore alternative strategies to close the gap.

4. Client Education and Alternative Strategies

When faced with an unrealistic LRB, client education becomes key. As an advisor, it's important to guide clients through the following potential adjustments:

- **Increase Savings:** The most straightforward solution

is to increase the amount of money being saved and invested. By saving more, clients can accumulate a larger portfolio, reducing the reliance on high returns to meet their goals.

- **Delay Retirement:** Postponing retirement by even a few years can have a significant impact. This allows more time for investments to grow and reduces the number of years that the portfolio needs to generate income.
- **Reduce Spending:** Lowering future spending expectations can decrease the amount needed from the portfolio, thereby reducing the required rate of return.
- **Adjust Expectations:** While the idea of "dying sooner" may be said in jest, it underscores the harsh reality that there are limits to what can be achieved through investments alone. Adjusting expectations, such as scaling back on legacy goals or other long-term plans, might become necessary.

These options are often difficult for clients to accept, but they are critical for setting realistic financial expectations. The conversation must emphasize that the goal is to create a sustainable financial plan that protects their lifestyle and achieves their Wealth Vision without becoming vulnerable to excessive risk.

Core and Satellite Portfolio Strategies

Assuming that the LRB percentage is determined to be reasonable and can be realistically aligned with legitimate capital market expectations, the next step is selecting the specific investments that will compose your portfolio. A core

and satellite strategy is an effective approach to portfolio construction, dividing your assets into two main components: the core portfolio and the satellite portfolio.

1. The Core Portfolio

The core portfolio forms the foundation of your investment strategy. It is typically composed of broadly diversified, low-cost investments that provide stable, long-term growth. The core portfolio is designed to deliver consistent returns that align with your LRB, while also minimizing unnecessary risks.

Common investments in a core portfolio include index funds, exchange-traded funds (ETFs), and high-quality bonds. These investments are selected for their ability to provide steady performance over time with relatively low volatility. Remember, you want to keep as much as possible of your gains, which is why the goal of your core portfolio is to capture the overall market's performance while keeping costs and risks under control.

2. The Satellite Portfolio

The satellite portfolio complements the core portfolio by allowing for more targeted investment opportunities that may carry higher risk but also offer the potential for higher returns. This portion of the portfolio can include individual stocks, sector-specific ETFs, real estate investment trusts (REITs), or alternative investments like private equity or commodities.

The satellite portfolio provides flexibility to pursue specific investment themes or opportunities that align with your financial goals or market outlook. For example, if you believe that a particular sector, such as technology or healthcare, is

poised for significant growth, you might allocate a portion of your satellite portfolio to investments in that area. While the satellite portfolio involves greater risk, it also offers the potential for greater rewards, making it a valuable component of a well-diversified investment strategy.

In a very real sense, your core portfolio is like a Mack truck, solid and powerful, steadily earning the growth you need. Your satellite portfolio, however, is a fancy motorbike that can speed ahead and take the risks your Mack truck is not designed for. Each vehicle has a specific purpose; one to make steady gains, and the other to scout ahead and potentially capture opportunities.

The Role of Annuities and Insurance

In addition to traditional investments, annuities and insurance can play a crucial role in building a portfolio that aligns with your Wealth Vision. These financial products provide more layers of protection and income stability, and help ensure that your portfolio can support your lifestyle goals even when confronted with unexpected events.

Annuities: Guaranteed Income for Life

Annuities are insurance products that provide a guaranteed stream of income, either for a specific period or for the rest of your life. They can be an essential component of a retirement plan, particularly for individuals who are concerned about outliving their savings. By purchasing an annuity, you can create a stable source of income that is not subject to market volatility, subsequently giving you and your family peace of mind during your retirement.

There are several types of annuities, each with its own set of features and benefits:

- **Fixed Annuities:** Provide a guaranteed interest rate and fixed income payments.
- **Variable Annuities:** Allow you to invest in a range of sub-accounts, with payments that vary based on the performance of the underlying investments.
- **Indexed Annuities:** Offer returns that are linked to a specific market index, with the potential for higher returns than fixed annuities but with less risk than variable annuities.

When considering an annuity, it's important to evaluate the costs, benefits, and risks associated with each type to determine which is most appropriate for your financial goals.

Insurance: Protecting Your Wealth

Insurance is another critical component of a well-rounded portfolio, providing protection against a range of risks that might otherwise derail your financial plan. By incorporating insurance into your Wealth Vision, you can safeguard your assets and ensure that your financial goals remain on track, regardless of the challenges you and your family may face.

Common types of insurance to consider include:

- **Life Insurance:** Provides financial support to your beneficiaries in the event of your death, ensuring that your loved ones are protected.
- **Disability Insurance:** Replaces a portion of your

income if you are unable to work due to injury or illness, helping you maintain your standard of living.

- **Health Insurance:** Ensure financial protection by covering costly medical bills and unexpected health emergencies, accessing timely medical care and preventive services, improving long-term well-being, and reducing out-of-pocket expenses.
- **Long-Term Care Insurance:** Covers the cost of long-term care services, such as nursing home care or in-home care, protecting your assets from being depleted by healthcare expenses.
- **Property and Casualty Insurance:** Protects your home, vehicles, and other property from damage or loss, ensuring that you can recover financially from the unexpected.

By integrating annuities and insurance into your portfolio, you can create a more resilient financial plan that is better equipped to handle life's uncertainties.

Annual Reviews and Adjustments: Staying on Track

Once your portfolio is in place, it's important to recognize that portfolio construction is not a one-time event. Markets change, personal circumstances evolve, and your financial goals may shift over time. To ensure that your portfolio continues to align with your Wealth Vision, it's essential to conduct regular reviews and make adjustments as needed.

Monitoring Portfolio Performance

One of the key aspects of managing your portfolio is monitoring its performance relative to your Lifestyle Return Benchmark™ (LRB). By comparing your portfolio's returns to your LRB, you can determine whether your investments are performing sufficiently to meet your financial goals. If your portfolio is underperforming, it may be necessary to make adjustments to your asset allocation or investment strategy to restore optimal performance.

Adapting to Life Changes

Life is clearly unpredictable, so your financial plan must be able to adapt to changes in your personal circumstances. Significant life events, such as marriage, the birth of a child, a career change, or retirement may require you to reassess your financial goals and adjust your portfolio accordingly. For example, as you approach retirement, you may want to shift your portfolio to a more conservative asset allocation so you reduce your investment risk and protect your accumulated wealth.

Responding to Market Conditions

Market conditions can also impact your portfolio's performance and may necessitate adjustments to your investment strategy. For instance, if interest rates rise, you may want to reduce your exposure to bonds and increase your allocation to equities or alternative investments. Similarly, if you anticipate a market downturn, you might consider increasing your allocation to defensive assets such as cash or gold, which may protect your portfolio from potential losses.

Integrating Business Ownership into Portfolio Optimization

For many clients, their private business is not only a source of income but also a significant portion of their overall wealth. When constructing a personalized portfolio, it's important to consider the unique characteristics of your business and how it fits into the broader context of your financial situation.

Understanding the Nature of the Business

The first step for integrating a business into a client's portfolio optimization process is understanding the nature of the business; some may behave more like stocks, offering high growth potential but with greater volatility, while other businesses may resemble bonds, providing steady, predictable cash flows with lower risk.

For example:

- **Growth-Oriented Businesses:** A technology startup or a rapidly expanding franchise might have characteristics similar to growth stocks. These businesses are likely to reinvest earnings into expansion, offer high potential returns, but also carry significant risk due to market competition, innovation demands, and economic cycles.
- **Mature, Cash-Flowing Businesses:** On the other hand, a well-established manufacturing company or a long-standing family-owned retail operation might resemble bond performance, providing stable, predictable income streams with lower volatility, similar to fixed-income investments.

Understanding whether the business acts more like a stock or a bond is critical for determining how the business should influence the overall asset allocation of the client's portfolio.

Business Valuation and Its Impact on Portfolio Strategy

Accurate valuation of the business is a cornerstone of effective portfolio optimization. It is imperative to know the actual market value of your business in order to use that calculation as part of the assessment of your current net worth. Our team, which includes Certified Business Valuation Analysts, applies rigorous methods to determine the fair market value of the business.

This valuation considers factors such as cash flow, earnings, growth prospects, industry conditions, and market comparables. Many business owners think they know the actual value but are surprised to learn they don't; a business must be assessed according to specific criteria, recognized by our legal system. Then, once the business's value is established, it can be incorporated into the client's gap analysis and overall asset allocation strategy.

Here's how this might work in practice:

Case Example: Balancing a Portfolio with Business Ownership

Consider a client with a liquid investment portfolio of $1,000,000 and a private business also valued at $1,000,000. If the business exhibits characteristics similar to a bond — providing steady, reliable income with relatively low risk — it might be treated as the fixed-income portion of the client's

overall portfolio. In this scenario, we could consider investing the entirety of the client's liquid portfolio in stocks to achieve a balanced portfolio. The result would be an asset allocation of approximately 50% stocks (from the liquid portfolio) and 50% bonds (represented by the business).

Conversely, if the business is more volatile and growth-oriented, akin to a stock, it might make sense to allocate the liquid portfolio more conservatively, perhaps entirely in bonds or other fixed-income assets. This method helps balance the overall risk profile, resulting in a potentially more diversified and risk-adjusted portfolio.

Special Considerations for Business Owners

In addition to determining whether the business acts more like a stock or bond, several other considerations must be factored into the portfolio optimization process for business owners:

1. Liquidity and Marketability

Unlike publicly traded stocks and bonds, private businesses are typically illiquid. Selling a business or even a portion of it can be a lengthy and complex process, often requiring months or even years to complete. This lack of liquidity must be considered when constructing the portfolio, as it impacts the overall flexibility and risk management strategy.

2. Concentration Risk

Business owners often face significant concentration risk, where a large portion of their wealth is tied up in a single asset — their business. To mitigate this risk, the liquid portion of the portfolio should be diversified across different asset classes,

sectors, and geographies. This diversification helps reduce the impact of adverse events in the business on the client's overall financial health.

3. Succession and Exit Planning

Succession and exit planning are mandatory for smart business owners, particularly those approaching retirement or considering a sale. The timing and manner of exiting the business can significantly impact the portfolio strategy, as, for instance, if the business is expected to be sold in the near future, the proceeds from its sale will need to be reinvested, potentially shifting the client's risk profile and investment strategy.

4. Tax Considerations

Tax implications are another important factor. The sale of a business can trigger significant tax liabilities, particularly capital gains taxes. Effective tax planning, including the use of trusts, charitable donations and other strategies can help minimize the tax impact and maximize the after-tax value of the business.

5. Integration with Personal Financial Goals

Finally, the business must be integrated into the client's broader financial goals. Whether the goal is to retire comfortably, fund a child's education or leave a legacy, the business should be managed and valued in the context of these objectives.

Leveraging Our Firm's Expertise

Our firm's multidisciplinary team is particularly well-equipped to handle the complexities of integrating business ownership into a comprehensive financial plan. Our Certified Business Valuation Analysts ensure that your business is accurately valued, reflecting its true worth in your portfolio. Our Certified Merger and Acquisition Advisors can assist with strategies for growth, sale, or succession, ensuring that your business contributes effectively to your long-term goals. Meanwhile, our CFA Charterholders and Certified Financial Planners craft an investment strategy that incorporates your business into a balanced and diversified portfolio.

We understand that every business is unique, and we tailor our analysis and recommendations to reflect your precise circumstances. You always receive white-glove service! Whether your business acts as a stable, bond-like income source or a growth-oriented, stock-like asset, we work with you to create a portfolio that aligns with your Wealth Vision, manages risk, and maximizes returns.

For business owners, integrating the value and nature of their business into their portfolio strategy is not just important — it's essential. Your business represents a significant portion of your wealth and must be factored into the overall asset allocation to achieve a balanced and optimized portfolio. With the expertise of our team, you can be confident that every aspect of your business is carefully considered in the context of your financial plan, helping you achieve your Wealth Vision with assurance and clarity. Whether you're looking to grow, transition, or simply maintain your business, we're here to guide you through all your challenges to eventual accomplishment.

Summation: Portfolio Development

Building a portfolio that aligns with your Wealth Vision is a dynamic and continual process. It requires a careful integration of risk and return, a strategic link between your Lifestyle Return Benchmark™ (LRB) and capital market expectations, and the thoughtful combination of core and satellite strategies, along with annuities and insurance. For business owners, this process is even more nuanced, as the financial value of your business must be considered as an essential component of your overall wealth. Whether your business acts like a bond, providing stable income, or a stock, offering growth potential with higher risk, its integration into your portfolio is a significant factor of achieving a balanced and optimized asset allocation.

Regular reviews and adjustments are necessary to ensure your portfolio continues to support your lifestyle, adapts to you and your family's life changes, and moderates in accordance with the constant recalibrations of the financial markets. By incorporating the unique aspects of business ownership into your financial plan along with the other elements of your net worth, you can create a resilient portfolio designed to meet your goals. Through this disciplined and personalized approach, you can confidently build your wealth according to your Wealth Vision, knowing that your financial future is well-protected, aligned with your goals, and capable of evolving as your needs and circumstances change.

Quiz Questions for Chapter 3

Building a Portfolio Aligned with Your Wealth Vision

1. What is the primary goal of constructing a portfolio that aligns with your Wealth Vision?

2. How does your Lifestyle Return Benchmark™ (LRB) influence the construction of your investment portfolio?

3. What are capital market expectations, and why are they important in portfolio construction?

4. If a client's LRB is 12%, but capital market expectations suggest that only an 8% return is realistically achievable, what options should be considered?

5. Explain the core and satellite strategy in portfolio construction.

6. How might a private business be treated in terms of asset allocation if it behaves more like a bond?

7. What role do annuities and insurance play in a portfolio aligned with a Wealth Vision?

8. Why is regular rebalancing important in maintaining your portfolio's alignment with your Wealth Vision?

9. What are some special considerations for business owners when integrating their business into their portfolio strategy?

10. Why is it necessary to regularly review and adjust your portfolio, especially when it is linked to your Wealth Vision?

Quiz Answers for Chapter 3

1. The primary goal of constructing a portfolio that aligns with your Wealth Vision is to ensure that your investments are designed to meet your financial goals while balancing risk and return according to your risk tolerance and capital market expectations.

2. Your Lifestyle Return Benchmark™ (LRB) influences the construction of your investment portfolio by setting a target rate of return that your portfolio needs to achieve to meet your financial goals. The portfolio is then constructed to align with this benchmark, considering risk tolerance and market conditions.

3. Capital market expectations are projections of the future performance, risks, and correlations of different asset classes based on economic factors like interest rates, inflation, and economic growth. They are important because they help set realistic return expectations for your portfolio.

4. If a client's LRB is 12% but capital market expectations suggest only an 8% return is achievable, options to consider include: increasing savings, delaying retirement, reducing spending, adjusting expectations, or a combination of these strategies. This helps align the client's financial goals with realistic market conditions.

5. The core and satellite strategy involves constructing a portfolio with a core portion composed of broadly diversified, low-cost investments that provide stable, long-term growth, and a satellite portion that includes

more targeted, higher-risk investments aimed at achieving higher returns.

6. If a private business behaves more like a bond, it might be treated as the fixed-income portion of the client's overall asset allocation. For example, the liquid portion of the portfolio could be invested entirely in stocks to balance the risk, resulting in a diversified portfolio that reflects the client's risk tolerance and financial goals.

7. Annuities and insurance play an important role by providing additional layers of protection and income stability in a portfolio. Annuities can offer guaranteed income, particularly useful in retirement, while insurance protects against risks like loss of income, health issues, or damage to assets.

8. Regular rebalancing is important to maintain your portfolio's alignment with your Wealth Vision because it adjusts your asset allocation back to its target mix, ensuring that the portfolio continues to reflect your risk tolerance and financial goals despite market fluctuations.

9. Special considerations for business owners integrating their business into their portfolio strategy include understanding the business's value, liquidity, marketability, concentration risk, succession planning, and tax implications. The business's nature, whether it behaves more like a stock or bond, also influences overall asset allocation.

10. It is necessary to regularly review and adjust your portfolio to ensure it remains aligned with your Wealth Vision, adapts to changes in personal circumstances, and

responds to evolving market conditions. Regular reviews help keep your financial strategy relevant and effective over time.

Chapter 4

The Role of the Fiduciary in Your Wealth Vision

Introduction to Fiduciary Responsibility

Given the significance and impact of financial planning, the concept of fiduciary responsibility is the foundation of interpersonal trust and ethical advising. When you entrust your wealth to a professional financial advisor serving as your fiduciary, you are placing your financial future in their hands with the absolute expectation that they will act solely in your best interest. This chapter explains the vital role of the fiduciary in crafting and maintaining your Wealth Vision, and demonstrates how fiduciary duties go beyond simplistic financial advice, offering comprehensive, personalized, and ethical guidance instead.

What Is a Fiduciary?

A fiduciary is a person or organization that has the legal and ethical responsibility to act in the best interests of another party — in this case, you, the client. Unlike other financial advisors who may operate under a "suitability" standard, which requires only that their recommendations be suitable for clients even if that recommendation is not the best option available, fiduciaries are bound by law to put their clients' interests ahead of their own. This higher standard of care ensures that every decision made by your advisor is done with the highest integrity and with a single focus on only what is best for you.

Fiduciary Duties and Obligations

The fiduciary duty encompasses several key obligations your advisor must uphold:

1. Duty of Loyalty

Duty of loyalty requires the fiduciary to prioritize your interests above all else. This means avoiding conflicts of interest or, if they cannot be avoided, fully disclosing them to you. For instance, a fiduciary cannot recommend an investment that benefits them more than it benefits you without disclosing this and ensuring that you understand the implications.

2. Duty of Care

Duty of care mandates that the fiduciary act with the skill, prudence, and diligence that a reasonably prudent person would exercise. This includes conducting thorough research, making well-informed decisions, and continually monitoring your financial plan to ensure it remains aligned with your goals.

3. Duty to Act in Good Faith

Acting in good faith involves being transparent, honest, and forthright in all dealings. Your fiduciary must communicate openly with you, and provide all necessary information so you can make informed decisions about your financial future.

How Our Team Upholds Fiduciary Standards

Fiduciary responsibility is the core philosophy and practice of our financial planning. Our commitment to acting in your

best interest permeates every aspect of our services, from our initial consultation to the regular, continual management of your Wealth Vision. Here's how we establish and uphold our fiduciary duties:

1. Comprehensive Wealth Management

Our approach to wealth management is holistic, meaning we consider every aspect of your financial life — not just your investment portfolio. Our perspective encompasses your retirement planning, tax strategy, estate planning, risk management, and, for business owners, integrating your business into your overall financial plan. By taking a comprehensive view, we can ensure that all elements of your wealth are working together to achieve your goals.

2. Personalized Financial Planning

We know no two clients are alike, and therefore we recognize the importance of delivering personalized financial planning. As fiduciaries, we take the time to understand your unique circumstances, goals, and risk tolerance. This personally customized protocol ensures that every recommendation we make is tailored to your specific needs, whether it's crafting a diversified portfolio, planning for retirement, or managing the complexities of business ownership.

We also know your circumstances are likely to change at some point, and we are prepared to make necessary changes to your financial affairs, with your approval, to keep your finances aligned with the new situations that need to be addressed.

3. Transparent Communication and Reporting

Transparency is a core tenet of fiduciary duty. We believe you should always be fully informed about your financial plan and how it is being managed. To this end, we provide regular clear and comprehensive reports on your portfolio's performance, the fees you are paying, and any changes or adjustments that have been made to your Wealth Vision. We also believe in open communication, and we are available so you can always contact us to resolve questions or concerns.

The Fiduciary as Stewardship Quarterback

In many ways, your fiduciary advisor acts as the "stewardship quarterback" of your Wealth Vision. This role means coordinating a team of professionals to ensure that every aspect of your financial life is managed with precision and care. Let's explore how this team-based approach works and why it's essential for achieving your financial goals.

1. Coordinating a Team of Experts

Achieving your Wealth Vision often requires expertise from various fields. As your fiduciary advisor, we don't work in isolation; rather, we collaborate with other professionals, including:

- **Certified Public Accountants (CPAs):** To develop and implement tax-efficient strategies that minimize your tax liability and maximize your after-tax returns.
- **Attorneys:** To handle legal aspects such as estate planning, trusts, and asset protection, ensuring that your wealth is preserved and passed on according to your wishes.

- **Trustees:** To manage assets held in trust for your beneficiaries, ensuring that these assets are handled in accordance with your estate plan.
- **Mortgage Brokers and Private Bankers:** To secure favorable financing terms for real estate transactions or other significant purchases, and to provide personalized banking services that meet your unique needs.

By coordinating these experts, your fiduciary advisor ensures that all aspects of your financial plan are aligned and working together toward your Wealth Vision.

2. Integrating Business Ownership into Your Financial Plan

For business owners, the fiduciary's role is important from a different but associated perspective. As discussed in the previous chapter, integrating the value and nature of your business into your overall portfolio is essential for effective asset allocation and risk management. Your fiduciary advisor, along with our team of Certified Business Valuation Analysts and Certified Merger and Acquisition Advisors, ensures that your business is accurately valued and appropriately factored into your Wealth Vision. Whether your business acts like a bond, providing stable income, or a stock, offering growth potential, our experienced team tailors your financial plan to reflect these dynamics, resulting in a professionally assessed, balanced and optimized portfolio.

The Importance of Continuous Fiduciary Oversight

The role of your fiduciary doesn't stop once your Wealth Vision is established; an effective Wealth Vision requires ongoing

review and potential adjustment. Financial markets fluctuate, personal circumstances change, and new opportunities or risks may arise. As your fiduciary advisor, we continually monitor your financial plan, making changes as necessary so your wealth development, or preservation, or both, stays on track.

1. Regular Reviews and Adjustments

Just as your portfolio requires regular reviews to ensure it remains aligned with your LRB and capital market expectations, your entire financial plan benefits from periodic assessments. During these reviews, we revisit your goals, reassess your risk tolerance, and adjust your plan to reflect any changes in your personal or financial situation. This proactive approach helps ensure that your Wealth Vision remains relevant and achievable, no matter how your life or the markets evolve.

2. Education and Empowerment

A key aspect of our fiduciary duty is educating you so you are fully aware of why your investments were selected, and how they are helping you achieve your Wealth Vision so you can become a knowledgeable participant about the decisions preparing your financial future.

We believe an informed client is an empowered client, capable of making decisions with confidence. Whether it's understanding the implications of a new tax law, the benefits of a particular investment strategy, or the options available for exiting your business, we provide the information, expertise, guidance and supportive intentions you need to make the best choices for your Wealth Vision.

Summation: Our Fiduciary Commitment to Your Wealth Vision

At the heart of a successful Wealth Vision lies the trust and integrity of the fiduciary relationship. Your fiduciary advisor is more than just a financial planner; they are your partner, guide, and advocate … your professional sherpa, if you will … helping you with the complexities of wealth management. By upholding the highest standards of loyalty, truth, honest care and good faith, we pledge that every aspect of your financial plan is designed with your best interests in mind.

Through comprehensive wealth management, personalized planning, and the coordination of a team of experts, your fiduciary advisor helps you build and maintain a financial strategy that is resilient, adaptive, and aligned with your goals. Whether you are navigating the complexities of business ownership, planning for retirement, or managing your estate, you can trust that your fiduciary advisor is committed to helping you achieve your Wealth Vision — confidently, ethically, and with the utmost care.

Quiz Questions for Chapter 4

The Role of the Fiduciary in Your Wealth Vision

1. What is the definition of a fiduciary, and why is it important in financial planning?

2. What are the key duties that a fiduciary must uphold?

3. How does the duty of loyalty impact the decisions made by a fiduciary advisor?

4. Why is it important for a fiduciary to work with a team of professionals like CPAs and attorneys?

5. In what way does a fiduciary act as a "stewardship quarterback" for a client's financial plan?

6. How does a fiduciary financial advisor integrate business ownership into a client's Wealth Vision?

7. What is the significance of regular reviews and adjustments in a fiduciary relationship?

8. How does transparency enhance the fiduciary relationship between a client and their advisor?

9. What role does client education play in a fiduciary's duties, and why is it important?

10. What differentiates a fiduciary from a non-fiduciary financial advisor?

Quiz Answers for Chapter 4

1. A fiduciary is a person or organization legally and ethically obligated to act in the best interests of their client. In financial planning, this is important because it ensures that the advisor makes decisions solely in the client's best interest, prioritizing their financial goals over any potential conflicts of interest.

2. The key duties of a fiduciary include:

   - Duty of Loyalty: Prioritizing the client's interests above their own.
   - Duty of Care: Acting with the appropriate skill, prudence, and diligence.
   - Duty to Act in Good Faith: Being transparent, honest, and providing all necessary information for the client's informed decision-making.

3. The duty of loyalty ensures that all decisions made by the fiduciary advisor are done with the client's best interest as the top priority. This means avoiding or fully disclosing any conflicts of interest and ensuring that the advice benefits the client rather than the advisor.

4. Working with a team of professionals is important because comprehensive financial planning often involves complex issues such as taxes, legal matters, and estate planning that require specialized expertise. By coordinating with CPAs, attorneys, and other professionals, a fiduciary knows that all aspects of the client's financial plan are aligned and effectively managed.

5. A fiduciary acts as a "stewardship quarterback" by coordinating and overseeing a team of experts to manage various aspects of the client's financial plan. This role ensures that every part of the plan — from investments to tax strategy and estate planning — is working together toward achieving the client's Wealth Vision.

6. Our team of professional financial advisors integrates business ownership by accurately valuing the business and incorporating its characteristics into the client's overall asset allocation. This helps balance the portfolio's risk and return by considering whether the business behaves more like a bond or a stock.

7. Regular reviews and adjustments are essential because they ensure that the client's financial plan remains aligned with their changing goals, circumstances, and market conditions. This ongoing oversight helps the fiduciary keep the client's Wealth Vision on track.

8. Transparency enhances the fiduciary relationship by building trust so the client is fully informed about their financial plan. Our advisory services make transparency a priority by providing clear reports, openly disclosing fees, and maintaining consistent 2-way communication with clients.

9. Client education is a key component of a fiduciary's duties because it empowers clients to make informed decisions about their financial future. An educated client is more engaged in the financial planning process, leading to better outcomes that align with their Wealth Vision.

10. A fiduciary is legally and ethically bound to act in the client's best interests, prioritizing their needs above all else. In contrast, a non-fiduciary advisor is only required to recommend suitable products, which may not necessarily be the best option for the client. This difference underscores the higher standard of care and trust associated with fiduciary advisors; they prioritize your interests as primary.

Chapter 5

How We Serve You

Introduction to Our Comprehensive Services

We understand that achieving your Wealth Vision requires more than just investment advice. It demands a comprehensive, integrated approach to financial planning that addresses every aspect of your financial life. Our team of experts is committed to providing a full suite of services that manage your wealth with care, precision, and a deep understanding of your unique circumstances and goals.

This chapter explores the variety of services we offer and how each one has a vital role with crafting and maintaining your Wealth Vision. From strategic planning and asset protection to tax support and business planning, our goal is to provide the tools and expertise you need to achieve financial success.

Strategic Planning

Strategic planning is the foundation of your Wealth Vision. It involves setting clear, actionable goals and developing a roadmap to achieve them. We begin this process by working closely with you to understand your current financial situation, your long-term objectives, and your personal values.

1. Setting Financial Goals

The first step in strategic planning is to set specific, measurable, achievable, relevant, and time-bound (SMART) financial goals. These goals may include:

- **Retirement Planning:** Ensuring you have sufficient income to maintain your desired lifestyle in retirement.
- **Education Funding:** Setting aside money for your children's or grandchildren's education.
- **Wealth Preservation:** Protecting your assets from inflation, taxes, and market volatility.
- **Legacy Planning:** Creating a plan to pass your wealth on to future generations in a tax-efficient manner.
- **Philanthropy:** Allocating a portion of your wealth to charitable causes that are important to you.

2. Developing a Strategic Plan

Once your goals are defined, we develop a strategic plan that outlines the steps necessary to achieve them. This plan includes:

- **Asset Allocation:** Determining the appropriate mix of investments based on your risk tolerance, time horizon, and financial objectives.
- **Risk Management:** Identifying potential risks to your financial plan and implementing strategies to mitigate them.
- **Tax Planning:** Developing strategies to minimize your tax liability and maximize your after-tax returns.

- **Estate Planning:** Creating a comprehensive plan to ensure your wealth is distributed according to your wishes.
- **Business Valuation:** If you have a business, we will assess its market value and use this information as part of our analysis of your assets.

By aligning your financial goals with a clear strategic plan, we help you stay focused and on track to achieve your Wealth Vision.

Asset Protection

Asset protection is a critical component of preserving your wealth and ensuring that it remains available to support your long-term goals. Our advisors take a proactive approach to asset protection, helping you safeguard your assets from potential risks such as lawsuits, creditors, and unforeseen life events.

1. Estate Planning and Legal Structures

One of the primary tools for asset protection is estate planning. Our team works with experienced attorneys to establish legal structures such as trusts, family limited partnerships, and limited liability companies (LLCs) that can protect your assets from potential threats.

- **Trusts:** Trusts can be used to protect assets from creditors and lawsuits while also ensuring that your wealth is distributed according to your wishes.
- **Family Limited Partnerships (FLPs):** FLPs allow you to transfer wealth to future generations while

maintaining control over the assets and providing protection from creditors.

- **Limited Liability Companies (LLCs):** LLCs offer liability protection for your business and personal assets, shielding them from lawsuits and other legal claims.

By implementing these and other asset protection strategies, we help you preserve your wealth for the future.

2. Insurance Planning

Insurance is a vital component of asset protection. We help you assess your insurance needs to determine that you have the appropriate coverage to protect your assets from unexpected events.

- **Life Insurance:** Provides financial support to your beneficiaries in the event of your death, helping them maintain their standard of living and cover expenses such as estate taxes.
- **Disability Insurance:** Replaces a portion of your income if you are unable to work due to injury or illness.
- **Long-Term Care Insurance:** Covers the cost of long-term care services, protecting your assets from being depleted by healthcare expenses.
- **Property and Casualty Insurance:** Protects your home, vehicles, and other property from damage or loss.

Through careful insurance planning, we help you create a safety net that protects your assets and financial security, guarding both you and those you love.

Tax Support

Effective tax planning is essential for maximizing your after-tax returns and ensuring that more of your wealth is available to support your goals. We provide comprehensive tax support services that serve your best interests, providing astute direction in the complex tax landscape with strategies designed to minimize your tax liability.

1. Income Tax Planning

Income tax planning focuses on developing strategies to reduce your taxable income and take advantage of available tax deductions and credits. Our team works closely with you to:

- **Optimize Retirement Account Contributions:** Maximize contributions to tax-advantaged retirement accounts such as IRAs and 401(k)s.
- **Utilize Tax-Loss Harvesting:** Offset capital gains by selling investments that have declined in value.
- **Structure Investment Income:** Ensure that investment income is taxed at the lowest possible rate.
- **Review Tax Returns:** Identify opportunities to reduce your tax liability by reviewing past tax returns.

By optimizing your income tax strategy, we help you keep more of your hard-earned money so you can achieve your goals more rapidly.

2. Estate and Gift Tax Planning

Estate and gift taxes can significantly impact the amount of wealth you pass to future generations. Our team provides expert guidance on estate and gift tax planning strategies that minimize these taxes and maximize the value of your estate.

- **Gifting Strategies:** Take advantage of the annual gift tax exclusion and lifetime gift tax exemption to transfer wealth to your heirs tax-free.
- **Trusts:** Use trusts to remove assets from your taxable estate while still retaining control over how they are distributed.
- **Charitable Giving:** Reduce estate taxes by making charitable donations during your lifetime or through your estate.

Through careful estate and gift tax planning, we help you preserve your wealth for future generations.

Cash Flow Planning

Managing cash flow is a critical aspect of financial planning, ensuring that you have the resources to meet your current expenses while also saving for the future. We provide comprehensive cash flow planning services that help you manage your income, expenses, and savings effectively so your resources are employed wisely and with limited waste.

1. Budgeting and Expense Management

The foundation of cash flow planning is creating a budget that tracks your income and expenses so any surplus assets can then be employed to augment your Wealth Vision. Our team

works with you to:

- **Identify Income Sources:** Understand your income streams, including salary, investments, and any other sources of income.
- **Track Expenses:** Categorize and monitor your expenses to ensure that you are living within your means.
- **Identify Savings Opportunities:** Find areas where you can reduce expenses and increase your savings rate.

By creating a realistic budget, we help you manage your cash flow effectively and stay on track to achieve your financial goals.

2. Retirement Income Planning

For clients approaching retirement, managing cash flow becomes even more important. Our retirement income planning services prioritize your having a sustainable income stream throughout all of you and your spouse's or partner's retirement years.

- **Social Security Optimization:** Determine the optimal time to begin taking Social Security benefits to maximize your income.
- **Pension and Annuity Planning:** Develop strategies for taking pension and annuity payments in a way that maximizes income while minimizing taxes.
- **Withdrawal Strategies:** Create a tax-efficient strategy for withdrawing money from retirement accounts so your savings last throughout your entire retirement.

By planning your retirement income carefully, we can help you maintain both your desired lifestyle and financial security in retirement.

Investment Management

Investment management is at the very heart of what we do. Our goal is to build and manage a portfolio that aligns with your Wealth Vision, balances risk and return, and adapts to changing market conditions as well as your own fluid personal circumstances. We have the knowledge, talent and skills to do it!

1. Asset Allocation

The cornerstone of our investment management strategy is asset allocation — determining the right mix of investments that will help you achieve your financial goals. We tailor your portfolio's asset allocation based on:

- **Risk Tolerance:** Your comfort level with market volatility and potential losses.
- **Time Horizon:** The length of time you expect to hold investments before needing to access the funds.
- **Financial Goals:** Your specific objectives, such as retirement, education funding, or wealth preservation.

By carefully balancing your asset allocation, we can help you achieve your desired returns while managing risk.

2. Portfolio Diversification

Diversification is an effective strategy for managing risk in your investment portfolio. We diversify your investments

across various asset classes, sectors, and geographic regions to reduce the negative impact of any single investment on your overall portfolio.

- **Equities:** Invest in a mix of domestic and international stocks to capture growth potential while spreading risk.
- **Fixed Income:** Include bonds and other fixed-income securities to provide stability and income.
- **Alternative Investments:** Consider alternative assets such as real estate, private equity, and commodities to further diversify your portfolio.

Through diversification, we help protect your portfolio from market fluctuations and achieve long-term growth.

The Investment Policy Statement (IPS)

One of the most powerful tools in the investment management process is the Investment Policy Statement (IPS). The IPS serves as a written agreement between you and your financial planner, outlining the guidelines and objectives for your investment portfolio. It acts as a roadmap for managing your investments, assuring you that all decisions align with your Wealth Vision.

1. Purpose of the IPS

The primary purpose of the IPS is to clearly define the precise parameters within which your portfolio will be managed. It is, if you will, the rules of engagement, the boundaries of what you are willing to do and accept, a synopsis of your investment philosophy, protocols, and expectations. This includes your risk tolerance, investment goals, time horizon, liquidity needs, and any specific preferences or constraints you may have. The IPS is designed to:

- **Clarify Investment Objectives:** Outline the specific financial goals your portfolio is intended to achieve, such as retirement income, wealth preservation, or growth.
- **Establish Risk Parameters:** Define your comfort level with risk and how much volatility you are willing to accept in pursuit of your goals.
- **Guide Asset Allocation:** Provide a framework for how your assets will be allocated across different asset classes, such as stocks, bonds, and alternative investments.
- **Set Performance Benchmarks:** Identify the benchmarks or indices against which your portfolio's performance will be measured so you can identify whether or not your investments are on track to meet your objectives.

2. Developing the IPS

The IPS is developed collaboratively between you and your advisor, you with your intentions, and your advisor with realistic know-how, so your individualized IPS accurately

reflects your unique financial situation and goals. The process includes:

- **Understanding Your Financial Situation:** Assessing your current financial position, including income, expenses, existing investments, and any liabilities to determine your starting point.
- **Identifying Your Goals:** Defining what you want to achieve with your investments, whether it's funding a comfortable retirement, creating a legacy for your heirs, or achieving other financial milestones to determine where you want to be.
- **Determining Risk Tolerance:** Evaluating your willingness and ability to take on investment risk, considering factors such as your investment experience, time horizon, and emotional comfort with market volatility so you don't extend your reach too far and have worrisome nights.
- **Setting Investment Guidelines:** Establishing specific guidelines for how your portfolio will be managed, including asset allocation targets, rebalancing strategies, and acceptable investment vehicles, identifying the exact practices that can move you across your financial goal line.

3. The Role of the IPS in Ongoing Portfolio Management

The IPS is not a static document; it is a living agreement that evolves as your circumstances change. It serves as the foundation for ongoing portfolio management by:

- **Providing Consistency:** Ensuring that all investment decisions are made in alignment with your long-term objectives and risk tolerance.
- **Facilitating Communication:** Serving as a reference point for discussions between you and your advisor, helping to clarify expectations and address any concerns.
- **Guiding Adjustments:** Allowing flexibility to adjust your investment strategy in response to changes in your financial situation, goals, or market conditions while staying within the established framework.

Regular reviews of the IPS are conducted to ensure it remains relevant and aligned with your Wealth Vision. As your life circumstances and financial goals evolve, your IPS should be updated to reflect these changes so your portfolio continues to support your objectives.

Real Estate and Business Planning

Real estate and business planning are essential components of many clients' Wealth Vision. Whether you own investment properties or a private business, or intend to, our team provides the expertise required to intelligently integrate these assets into your overall financial plan.

1. Real Estate Planning

Real estate can be a valuable component of your investment portfolio, offering both income and capital appreciation. Our real estate planning services include:

- **Property Evaluation:** Assess the value and income potential of your real estate holdings.

- **Real Estate Investment Strategy:** Develop a strategy for acquiring, managing, and selling properties to maximize returns.
- **Tax Planning:** Implement tax-efficient strategies for managing rental income, capital gains, and property sales.

By incorporating real estate into your financial plan, we can help you build and manage a diversified portfolio that supports your Wealth Vision.

2. Business Planning

For business owners, the value and nature of your business are integral to your overall financial plan. Our business planning services include:

- **Business Valuation:** Accurately assess the value of your business and its role in your wealth profile.
- **Succession Planning:** Develop a plan for transitioning ownership of your business, whether through sale, inheritance, or management transfer.
- **Exit Strategy:** Create a strategy for selling your business at the optimal time and maximizing the proceeds.

By integrating business ownership into your Wealth Vision, we help you manage and protect one of your most significant assets.

Summation: Our Commitment to Your Success

Our comprehensive suite of services is designed to address every aspect of your financial life so you can be confident your wealth is managed with the highest level of care, precision, and with the primary focus on achieving your goals. Whether you need strategic planning, asset protection, tax support, investment management, or specialized services like real estate and business planning, our team of experts will guide your every step.

By selecting us, you acquire an experienced professional financial team committed to helping you build and maintain a successful financial strategy that is resilient, adaptive, and aligned with your personalized Wealth Vision. Together, we can create a future in which your financial goals have become realities.

Quiz Questions for Chapter 5

How We Serve You

1. What is the primary purpose of strategic planning in the context of your Wealth Vision?

2. How does our team help protect your assets through estate planning and legal structures?

3. What are some of the key strategies used in income tax planning to minimize tax liability?

4. Why is cash flow planning critical, and what are the main components involved?

5. How does our team's approach to investment management align with your Wealth Vision?

6. What role does real estate planning play in your overall financial plan?

7. Why is business planning important for business owners, and what services does our team offer in this area?

8. What is an Investment Policy Statement (IPS), and why is it important?

9. How does the IPS guide the ongoing management of your investment portfolio?

10. Why is it important to regularly review and update the IPS?

Quiz Answers for Chapter 5

1. The primary purpose of strategic planning in the context of your Wealth Vision is to set clear, actionable financial goals and develop a roadmap to achieve them. This includes asset allocation, risk management, tax planning, and estate planning, ensuring that all aspects of your financial life are aligned with your long-term objectives.

2. Our team of financial experts helps protect your assets through estate planning and legal structures by establishing trusts, family limited partnerships (FLPs), and limited liability companies (LLCs). These structures shield your assets from potential risks such as lawsuits, creditors, and unforeseen life events while also distributing your wealth according to your wishes.

3. Key strategies used in income tax planning to minimize tax liability include but are not limited to optimizing retirement account contributions, utilizing tax-loss harvesting, structuring investment income for tax efficiency, and reviewing past tax returns to identify additional opportunities for tax reduction.

4. Cash flow planning is critical because it makes sure you have the resources to meet your current expenses while also saving for the future. The main components involved in cash flow planning include budgeting, expense management, retirement income planning, and creating a sustainable withdrawal strategy for retirement accounts.

5. Our team approaches investment management by determining the right mix of investments based on your risk tolerance, time horizon, and financial goals. This includes asset allocation, portfolio diversification, and adapting strategies to changing market conditions and personal circumstances to align with your Wealth Vision.

6. Real estate planning plays a significant role in your overall financial plan by assessing the value and income potential of your real estate holdings, developing strategies for acquiring, managing, and selling properties, and implementing tax-efficient approaches to maximize returns and support your Wealth Vision.

7. Business planning is important for business owners because it integrates the value and nature of the business into the overall financial plan. Our team offers services such as business valuation, succession planning, and exit strategy development to help business owners manage and protect one of their most significant assets.

8. An Investment Policy Statement (IPS) is a written agreement that outlines the guidelines and objectives for your investment portfolio. It is important because it serves as a roadmap for managing your investments so you know that all decisions align with your Wealth Vision and are consistent with your risk tolerance and financial goals.

9. The IPS guides the ongoing management of your investment portfolio by providing a consistent framework for making investment decisions, facilitating communication between you and your advisor, and allowing adjustments in response to changes in your

financial situation or market conditions while staying within the established guidelines.

10. It is important to regularly review and update the IPS to ensure it remains relevant and aligned with your Wealth Vision. As your life circumstances, financial goals, and market conditions evolve, updating the IPS helps keep your investment strategy on track and responsive to these changes.

Chapter 6

Wealth Vision for Business Owners

Introduction to the Unique Wealth Vision of Business Owners

As a business owner, your financial activities and concerns are inherently more complex than those of an average investor. Your business is not just a source of income; it's probably one of your most significant assets, deeply entwined with your personal financial goals and retirement plans.

Understanding the true value of your business, how this relates to your overall wealth, and how to optimize your situation so you can more easily and more rapidly achieve your Wealth Vision requires specialized knowledge with a comprehensive and tailored approach.

Our firm recognizes the unique challenges and opportunities faced by business owners. That's why the Wealth Vision process we've designed for business owners integrates your personal and business financial planning into a cohesive strategy that supports the attainment of your long-term goals. This chapter explores the specialized Wealth Vision process and goals for business owners, emphasizing the importance of business valuation, risk management, and strategic planning for achieving financial success.

Figure 8: Close the Gap.

The Importance of Business Valuation in Your Wealth Vision

For most business owners, the business itself represents a significant portion of their overall wealth and is often the cornerstone of their retirement strategy. However, many business owners overestimate the value of their business, leading to potential shortfalls in their retirement planning. This is because many business owners are uninformed about the precise ways in which a business is monetarily valued for sale. Accurate business valuation is fundamental for ensuring that your Wealth Vision is based on realistic assumptions and achievable goals.

Why Business Valuation Matters

Understanding the true market value of your business is vital for several reasons:

- **Retirement Planning:** If your retirement plan depends on selling your business, knowing its current value helps you determine whether you are on track to meet your retirement goals. If the value is lower than

expected, you may need to take steps to increase the business's value before you can retire.

- **Risk Management:** The value of your business directly impacts your overall asset allocation strategy. If your business is highly volatile, similar to a stock, this may require a more conservative investment approach in your liquid portfolio so you can more capably balance your overall risk.
- **Strategic Decision-Making:** Accurate valuation informs many of your key business decisions, such as whether to reinvest in the business, pursue growth opportunities, or consider an exit strategy.

Figure 9: Business Assessment Factors.

Our team utilizes industry-standard valuation practices to provide a realistic and accurate assessment of your business's worth. This reliable valuation is then integrated into your overall Wealth Vision so your financial planning is grounded in reality and oriented toward achieving your long-term goals.

The Special Wealth Vision Process for Business Owners

The Wealth Vision process for business owners goes beyond standard financial planning by incorporating the value of your business into every aspect of your strategy. This process is designed to maximize value, minimize taxes, and maintain control, helping you achieve financial independence while ensuring your business continues to thrive.

Figure 10: Wealth Vision Steps for a Business.

Step 1: Wealth Vision Assessment

The first step in the Wealth Vision process is a comprehensive assessment of your current financial situation comprising both your personal and business finances. This includes:

Understanding Your Goals: We start by asking the five Ws — Who, What, Where, When, and Why — to clarify your financial objectives. Who are you planning and investing for? What are your most important financial goals? Where should your assets be located? When will you need access to your money? Why are you investing?

Identifying Your Current Position: We assess your current assets, liabilities, income streams, and expenses, both personal and business-related. This helps us understand where you are now in relation to where you want to be.

Gap Analysis: We identify the gap between your current financial situation and your desired Wealth Vision, highlighting areas where additional planning or adjustments are needed and may be helpful.

Figure 11: Bridging the Gap.

This assessment lays the groundwork for a tailored financial strategy that integrates your business into your overall Wealth Vision.

Step 2: Business Valuation and Lifestyle Return Benchmark™ (LRB)

The next step is to perform a detailed business valuation and establish your Lifestyle Return Benchmark™ (LRB). This step is indispensable for aligning your business and personal financial goals.

- **Business Valuation:** We provide an accurate valuation of your business, using standard valuation practices to determine its true market value. This valuation is not just a number, however; it's a key component of your overall financial strategy as it may

reveal potential business development activities that could result in improved value, which in turn might increase your wealth and better serve your financial goals and Wealth Vision.

- **Establishing the LRB:** The LRB represents the rate of return your portfolio needs to achieve to support your desired lifestyle. By incorporating the value of your business into your LRB, we ensure that your investment strategy is tailored to your unique financial situation. The LRB process converts your lifestyle goals into a personalized rate of return objective, which is far more meaningful for your wealth's measurement than generic benchmarks such as the S&P 500.

By establishing your LRB, we create a clear financial target that guides your investment decisions and helps you stay on track so you can achieve your Wealth Vision.

Step 3: Building Your Wealth Vision Portfolio

With a clear understanding of your business's value and your LRB, we move on to building your Wealth Vision portfolio. This portfolio is designed to balance risk and return, incorporating both your business and personal assets to create your comprehensive investment strategy.

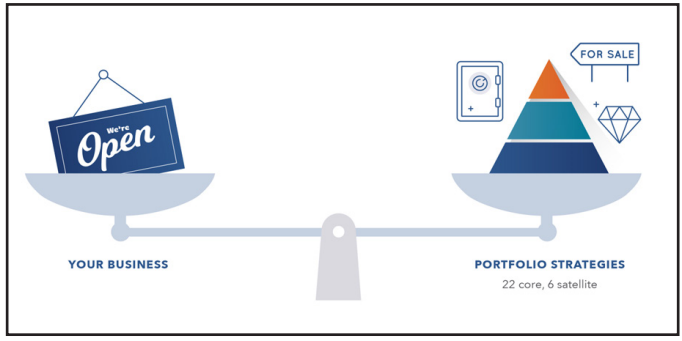

Figure 12: Business Assets and Personal Assets.

- **Risk-On and Risk-Off Assets:** Your portfolio will include the appropriate mix of risk-on assets (such as stocks) and risk-off assets (such as bonds), specific to your LRB intentions that align with your risk tolerance and business profile. If your business is volatile, we may take a more conservative approach in your liquid portfolio to mitigate your overall risk. Conversely, if your business is stable, there may be more room for growth-oriented investments.
- **Diversification:** We verify that your portfolio is diversified across various asset classes, sectors, and geographies to reduce the impact of any single investment on your overall wealth.
- **Integration of Business and Personal Assets:** We consider the value of your business as part of your overall asset allocation, confirming that your investment strategy reflects the true composition of your wealth.
- **Continuous Monitoring and Adjustment:** As market conditions change or as your business evolves, we continually monitor your portfolio and make necessary adjustments to keep your Wealth Vision on track.

Special Goals for Business Owners

Business owners often have unique goals that differ from the typical investor. These goals are focused not just on personal financial success but also on the growth and continuity of the business. We help you achieve these special goals through targeted strategies that align your business objectives with your personal Wealth Vision.

Goal 1: Maximize Business Value

Maximizing the value of your business is paramount, especially if your retirement plans depend on the proceeds from its sale. We work with you to implement strategies that enhance your business's market value, such as:

- **Improving Cash Flow:** Identifying opportunities to increase revenue and reduce expenses, thereby improving your business's profitability and valuation.
- **Strategic Growth Planning:** Developing growth strategies that increase your business's market share and attractiveness to potential buyers.
- **Risk Reduction:** Identifying and mitigating risks that could negatively impact your business's value, such as operational inefficiencies or market volatility.

Figure 13: Maximize the Value of Your Business.

Goal 2: Minimize Taxes

Tax planning is another essential component of both personal and business financial strategy. For business owners, minimizing taxes requires careful planning and synchronicity at both the corporate and individual levels.

- **Business Tax Planning:** Implementing strategies to minimize corporate taxes, such as taking advantage of

available deductions, credits, and tax-efficient business structures.

- **Personal Tax Planning:** Coordinating business and personal tax strategies to ensure that your overall tax liability is minimized, maximizing the after-tax value of your wealth.
- **Succession and Exit Planning:** Developing a tax-efficient plan for transitioning ownership of your business, whether through sale, inheritance, or management transfer.

Goal 3: Maintain Control

Maintaining control over your business and personal financial future is often a top priority for business owners. This includes:

- **Succession Planning:** Developing a plan for the future of your business that aligns with your personal financial goals so there is a smooth transition of ownership and control.
- **Estate Planning:** Creating an estate plan so your business and personal assets are passed on according to your wishes, with minimal disruption to your business operations.
- **Liquidity Management:** Making sure you have access to sufficient liquidity to meet personal and business needs without compromising your long-term financial goals.

Summation: Your Business Owner's Advantage

We understand that business owners face unique challenges and opportunities. Our Wealth Vision process is specifically designed to address those challenges, integrating your business's value and operations into your overall financial strategy so you can take advantage of opportunities that help you achieve your personal and business goals. By focusing on maximizing value, minimizing taxes, and maintaining control, we help you build a comprehensive financial plan that supports both your personal and business success.

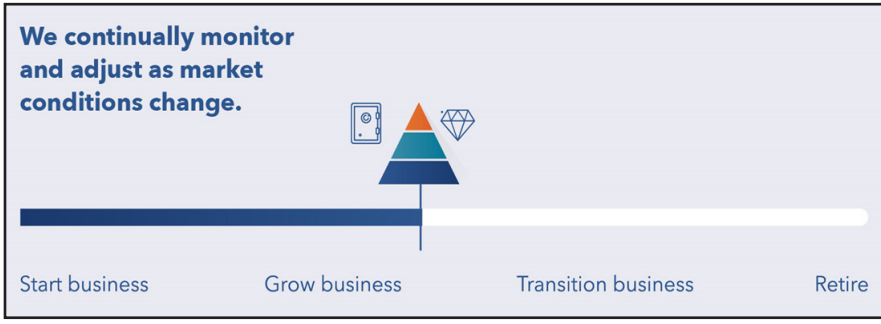

Figure 14: Four Business Phases.

With our expertise in business valuation, strategic planning, and investment management, we are uniquely prepared and positioned to guide you through the complexities of managing both your business and personal wealth. Together, we can create a Wealth Vision that not only secures your financial future but also serves the continued success of your business.

Quiz Questions for Chapter 6

Wealth Vision for Business Owners

1. Why is business valuation important in the Wealth Vision process for business owners?

2. What are the three main goals of the Wealth Vision process for business owners?

3. How does our team integrate the value of your business into your overall financial plan?

4. What is the Lifestyle Return Benchmark™ (LRB), and how is it used in the financial planning process for business owners?

5. Why is it crucial to understand the true market value of your business before retirement?

6. How does the Wealth Vision Assessment help in creating a tailored financial strategy for business owners?

7. What are some strategies we use to maximize the value of a business?

8. How does minimizing taxes play a role in both business and personal financial planning?

9. What are some ways business owners can maintain control over their business and personal financial future?

10. How does continuous monitoring and adjustment of your portfolio ensure that your Wealth Vision stays on track?

Quiz Answers for Chapter 6

1. Business valuation is important in the Wealth Vision process for business owners because it provides an accurate assessment of the business's worth, which is essential for realistic retirement planning, risk management, and strategic decision-making.

2. The three main goals of the Wealth Vision process for business owners are to maximize business value, minimize taxes, and maintain control over the business and personal financial future.

3. Our team integrates the value of your business into your overall financial plan by including it in your asset allocation strategy, establishing your Lifestyle Return Benchmark™ (LRB), and ensuring that both your business and personal financial goals are aligned.

4. The Lifestyle Return Benchmark™ (LRB) is the rate of return your portfolio needs to achieve to support your desired lifestyle. It is used in the financial planning process to guide investment decisions and ensure that your financial strategy is tailored to your unique situation, including the value of your business.

5. Understanding the true market value of your business before retirement is crucial because it helps you determine whether you are on track to meet your retirement goals and informs decisions about increasing the business's value or adjusting your retirement plans.

6. The Wealth Vision Assessment helps in creating a tailored financial strategy by assessing your current

financial situation, identifying the gap between where you are and where you want to be, and setting specific goals for both your business and personal finances.

7. Some of the strategies we use to maximize the value of a business include improving cash flow, developing strategic growth plans, and reducing risks that could negatively impact the business's market value.

8. Minimizing taxes plays a role in both business and personal financial planning by reducing the overall tax liability, maximizing the after-tax value of wealth, and ensuring that tax-efficient strategies are implemented for both business operations and personal income.

9. Business owners can maintain control over their business and personal financial future by implementing succession planning, creating an estate plan, and managing liquidity to meet both business and personal needs without compromising long-term goals.

10. Continuous monitoring and adjustment of your portfolio ensure that your Wealth Vision stays on track by adapting to changes in market conditions, business performance, and personal circumstances, keeping your financial strategy aligned with your evolving goals.

Chapter 7

Real Estate and Your Chief of Special Projects

Figure 15: Five Benefits of Investing in Real Estate.

Introduction to Real Estate in Wealth Management

Real estate is a unique and powerful component of a well-diversified investment portfolio, offering both income potential and long-term appreciation. However, managing real estate investments effectively requires a strategic approach that considers not only the financial aspects but also the broader impact on your overall Wealth Vision.

Our team understands the many intricacies involved in real estate investing and how it fits into the larger context of your financial goals. As part of our Chief of Special Projects service, we provide comprehensive guidance on real estate investments, affirming they align with and enhance your Wealth Vision.

The Role of Your Chief of Special Projects in Real Estate

The Chief of Special Projects plays a crucial role in overseeing and integrating real estate investments into your broader financial plan. This service is designed to address the often unique challenges associated with real estate, whether you are investing in residential properties, commercial real estate, or considering the tax implications of real estate transactions. Our approach is holistic so you can be confident that real estate decisions are made in the context of your entire financial picture.

The Real Estate Investment Policy Statement (RIPS™)

As you might expect, the primary tool in our real estate strategy is the Real Estate Investment Policy Statement (RIPS™). Much like an Investment Policy Statement (IPS) for your investment portfolio, the RIPS™ provides a structured framework for making the best real estate decisions for the preservation and increase of your wealth. The process begins with a thorough evaluation of your current financial situation, goals, and risk tolerance. The RIPS™ outlines specific parameters for real estate investments, including:

- **Investment Objectives:** Clarifying whether the primary goal is income generation, capital appreciation, or a combination of both.
- **Risk Tolerance:** Assessing your comfort level with the inherent risks of real estate, including selection, market volatility, property management challenges, and potential liquidity issues.

- **Time Horizon:** Determining the expected holding period for real estate investments, which can influence property selection and financing strategies.
- **Property Selection Criteria:** Establishing guidelines for the types of properties that fit within your Wealth Vision, whether residential, commercial, or mixed-use.

By formalizing these elements, the RIPS™ helps to ensure that every real estate investment decision supports your overall financial strategy and long-term goals.

The Importance of Location, Demand, and Supply in Real Estate

Real estate investments are fundamentally influenced by the principles of location, demand, and supply. These factors determine the value of a property and its potential for appreciation or income generation.

Location

The old adage "location, location, location" holds true in real estate. The geographic location of a property affects its value, desirability, and potential for appreciation. Factors such as proximity to amenities, quality of local schools, crime rates, and overall neighborhood stability play significant roles. Our team helps you analyze and select locations that not only meet your personal or business needs but also offer strong potential for security and future growth.

Demand

Demand is driven by the economic vitality of the area in which a property is located. Properties in regions with strong job

markets, growing populations, and favorable demographic trends are more likely to experience higher demand, leading to increased property values and rental income. We assess local and regional demand factors to guide your real estate investment decisions.

Supply

The supply of similar properties in a given market also impacts real estate values. An oversupply of properties can depress prices, while limited supply can drive up values. Understanding the supply dynamics in your target market helps us identify opportunities and mitigate risks associated with your real estate investments.

Real Estate as a Component of a Diversified Portfolio

Real estate offers unique benefits as part of a diversified investment portfolio, including the potential for steady income, capital appreciation, and inflation protection. However, it also comes with specific risks and challenges that must be recognized and carefully managed.

Income Generation

Real estate can provide a reliable income stream, particularly through rental properties. This income can be an essential component of your retirement strategy or a way to supplement other income sources. Our team ensures that your real estate investments are structured to maximize income while managing risks such as tenant turnover, maintenance costs, and market fluctuations.

Capital Appreciation

Over time, real estate has the potential to appreciate in value, contributing to the overall growth of your wealth. However, appreciation is not guaranteed, and market conditions can vary widely. We help you select properties with strong potential for appreciation and can advise you on the optimal time to buy and sell based on market cycles.

Inflation Protection

Real estate is often viewed as a hedge against inflation because property values and rents tend to rise with inflation. By incorporating real estate into your investment strategy, you can help protect your purchasing power over the long-term. Our analysis considers both current inflation trends and future expectations to position your real estate investments in the most beneficial ways.

Integrating Real Estate with Your Wealth Vision

One of the unique aspects of our approach is the integration of real estate investments with your broader Wealth Vision. This involves considering how real estate fits within your overall asset allocation, liquidity needs, and long-term goals.

Asset Allocation and Risk Management

Real estate is typically considered an alternative asset class, providing diversification benefits within a broader portfolio of stocks, bonds, and other investments. However, because real estate can be less liquid and more volatile than other asset classes, it requires careful management. Our Chief of Special Projects works with you to determine the appropriate

allocation of real estate within your portfolio, balancing potential returns with the associated risks.

Liquidity Considerations

Real estate is generally less liquid than other investments, meaning it can be more challenging to sell quickly without impacting the price. This lack of liquidity can be a disadvantage if you need to access funds in a hurry. We help you manage this risk by ensuring that your real estate investments are aligned with your liquidity needs and by maintaining a balance between liquid and illiquid assets in your portfolio so you can have more peace of mind.

Tax Implications and Strategies

Real estate investments also come with unique tax considerations, including potential deductions for mortgage interest, property taxes, and depreciation, as well as capital gains tax upon sale. We work closely with you and your tax advisors to develop strategies that can minimize your tax liability and maximize the after-tax returns on your real estate investments. This includes exploring options like 1031 exchanges, which allow you to defer capital gains taxes by reinvesting the proceeds from the sale of one property into another.

Special Considerations for Business Owners

For business owners, real estate can play an even more integral role in their financial strategy. Whether owning the property where your business operates or investing in commercial real estate as part of a broader portfolio, the decisions you make

regarding real estate can have significant implications for both your business and personal finances.

Owning Your Business's Premises

Many business owners choose to own the property where their business operates, providing stability and control over their work environment. This can also be a way to build equity and benefit from potential property appreciation. We help you assess whether owning your business premises makes sense for your situation and how this strategy may fit into your overall Wealth Vision.

Commercial Real Estate Investments

Investing in commercial real estate can provide a diversified income stream and potential for long-term growth. However, commercial properties come with their own set of risks and management challenges. Our team is multifaceted and experienced, and we can provide you with the expertise needed to evaluate commercial real estate opportunities and determine if they align with your financial goals and risk tolerance.

Summation: Real Estate as a Strategic Component of Your Wealth Vision

Real estate is a powerful tool for building wealth, offering both income and growth potential. However, its successful integration into your Wealth Vision requires careful planning, strategic decision-making, and ongoing management. Our Chief of Special Projects is dedicated to helping you navigate the complexities of real estate investing so your real estate holdings support and enhance your overall financial goals.

By leveraging the expertise of our team, utilizing tools like the Real Estate Investment Policy Statement (RIPS™), and taking a holistic approach to your wealth management, we assure that your real estate investments are not only well-chosen but also well-managed. Whether you are purchasing your first investment property, expanding your portfolio, or considering how real estate can enhance your retirement plan, we are here to guide your every step.

Quiz Questions for Chapter 7

Real Estate and Your Chief of Special Projects

1. What role does the Chief of Special Projects play in managing real estate investments?

2. What is the Real Estate Investment Policy Statement (RIPS™), and why is it important in real estate investing?

3. How does location influence the value and potential return of a real estate investment?

4. What are the three primary factors that affect real estate investment value?

5. How does real estate serve as a component of a diversified investment portfolio?

6. Why is liquidity an important consideration in real estate investing?

7. What are some tax implications associated with real estate investments, and how can they be managed?

8. How might owning the property where your business operates benefit a business owner?

9. What are the risks and rewards of investing in commercial real estate?

10. How does our financial advisory firm integrate real estate into your overall Wealth Vision?

Quiz Answers for Chapter 7

1. The Chief of Special Projects oversees and integrates real estate investments into your broader financial plan, ensuring that these investments align with your overall Wealth Vision and long-term goals.

2. The Real Estate Investment Policy Statement (RIPS™) is a structured framework for making real estate decisions. It outlines investment objectives, risk tolerance, time horizons, and property selection criteria, ensuring that real estate investments support your broader financial strategy.

3. Location influences the value and potential return of a real estate investment by affecting property desirability, appreciation potential, and rental income. Factors such as proximity to amenities, local economic conditions, and neighborhood stability are crucial in determining location value.

4. The three primary factors that affect real estate investment value are location, demand, and supply. These factors determine property values, potential for appreciation, and the stability of rental income.

5. Real estate serves as a component of a diversified investment portfolio by providing steady income, potential for capital appreciation, and a hedge against inflation. It complements other asset classes, such as stocks and bonds, by offering different risk and return characteristics.

6. Liquidity is an important consideration in real estate investing because real estate assets are typically less liquid than other investments, meaning they can be harder to sell quickly without affecting price. Proper planning ensures that your real estate investments align with your liquidity needs.

7. Tax implications associated with real estate investments include potential deductions for mortgage interest, property taxes, and depreciation, as well as capital gains tax upon sale. These can be managed through strategies such as 1031 exchanges, which allow for deferral of capital gains taxes by reinvesting in another property.

8. Owning the property where your business operates can benefit a business owner by providing stability, control over the business environment, and potential equity growth as the property appreciates over time.

9. Investing in commercial real estate offers rewards such as diversified income streams and potential for long-term growth, but it also comes with risks including market volatility, higher management demands, and tenant-related issues.

10. Our investment firm integrates real estate into your overall Wealth Vision by considering it as part of your asset allocation, managing its liquidity and risk, and ensuring that real estate decisions are aligned with your broader financial goals and strategy.

Chapter 8

Implementing and Managing Your Wealth Vision

Introduction to Implementing Your Wealth Vision

Creating a Wealth Vision is the essential first step toward achieving your financial goals, but the real work begins with the implementation and management of that vision. At our investment firm, we understand that each client's financial journey is unique, which is why our approach to implementing your Wealth Vision is flexible, tailored, and responsive to your specific needs.

Our seven-step process is designed to be executed in the manner that best aligns with your goals and priorities so that every aspect of your financial plan is fully integrated and effectively managed.

This chapter guides you through our adaptable seven-step process, emphasizing how it integrates the foundational elements of your Wealth Vision — such as the who, what, where, when and why questions, the three primary goals of maximizing wealth, minimizing taxes, and maintaining control, and the principles of Lifestyle Protection Planning and the Investment Policy Statement (IPS).

Here's how we achieve our mission … and the activation of your Wealth Vision plan.

The Seven-Step Process: A Tailored Approach to Implementation

Figure 16: Wealth Vision's Seven Steps.

The seven-step process for implementing your Wealth Vision is not a rigid sequence but a dynamic framework that can be adjusted according to your most pressing needs and objectives. Here is a brief description of how each step contributes to your overall financial strategy.

Step 1: Strategic Goals

The first step in the process is setting your strategic goals. This involves defining what you want to achieve with your wealth, whether it's securing a comfortable retirement, funding your children's education, or leaving a legacy. The strategic goals' step is essential because it sets the direction for all subsequent planning and decision-making.

- **Who, What, Where, When, Why:** We address these key questions to clarify your financial objectives so your strategy is aligned with your broader Wealth Vision.
- **Maximizing Wealth:** Identifying opportunities for growth and wealth accumulation through investments, business ventures, or other strategies.
- **Maintaining Control:** Establishing that you retain

control over your financial decisions and assets, even as you pursue your strategic goals.

Step 2: Cash Flow Planning

Once your strategic goals are established, the next priority is managing cash flow. Cash flow planning provides assurances that you have sufficient liquidity to meet your current obligations while also saving and investing for the future.

- **Maximizing Wealth:** Efficient cash flow management establishes the potential for more effective saving and investing, which can contribute to wealth accumulation.
- **Maintaining Control:** By understanding and managing your cash flow, your financial decisions can be more proactive than reactive, which may give you greater control over your financial circumstances.

Step 3: Investment Strategy and the IPS

With your goals and cash flow in place, the focus now shifts to developing your investment strategy and formalizing it through an Investment Policy Statement (IPS). Your IPS serves as your blueprint for how your investments will be managed, balancing risk and return while incorporating your unique constraints.

- **Risk and Return:** The IPS establishes your risk tolerance and return objectives, aligning your portfolio with your long-term goals.
- **Five Constraints:** The IPS also addresses the key constraints that influence your investment strategy

— Time Horizon, Liquidity, Taxes, Legal Issues, and Unique Circumstances — providing a comprehensive framework for decision-making.

Step 4: Tax Planning

Effective tax planning is essential for maximizing the after-tax value of your wealth. By minimizing tax liabilities, you can keep more of your earnings, which can then be reinvested or applied to meet your strategic goals.

- **Minimizing Taxes:** Our tax planning strategies are designed to reduce your overall tax burden, leveraging deductions, credits, and efficient tax structures.
- **Maintaining Control:** Through careful planning, you can manage the timing and nature of your tax obligations, maintaining greater control over your financial outcomes.

Step 5: Risk Management

Risk management involves identifying potential threats to your financial plan and implementing strategies that can mitigate them. This could include insurance, diversification, and other protective measures.

- **Willingness and Ability to Take Risk:** As discussed previously, this step considers both your emotional comfort with risk and your financial capacity to absorb losses, affirming that your risk management strategy is appropriate for your situation.

- **Maintaining Control:** By proactively managing risk, you protect your wealth from unforeseen events, maintaining control over your financial destiny.

Step 6: Asset Protection

Asset protection focuses on safeguarding your wealth from external threats, such as creditors, lawsuits, or even family disputes. This step involves legal structures like trusts, LLCs, and estate planning tools.

- **Maintaining Control:** Asset protection strategies are employed so your wealth remains secure and you maintain control over its distribution, even during adverse circumstances.
- **Legal Issues:** This step addresses the legal constraints that could affect your wealth so you have the assurance that your assets are protected within the bounds of the law.

Step 7: Special Projects

The final step focuses on special projects, which may include real estate investments, business ventures, or other unique opportunities that require specialized financial analysis. If appropriate, these projects are integrated into your Wealth Vision because they align with your overall financial goals.

- **Maximizing Wealth:** Special projects often present opportunities for significant wealth creation, whether through real estate, business expansion, or other ventures.

- **Unique Circumstances:** This step takes into account any unique circumstances that may affect your financial plan so all aspects of your wealth are managed cohesively.

Integrating the Wealth Vision Process

The seven-step process is completely integrated with the core elements of your Wealth Vision. Here's how they are woven together for implementing and managing your financial strategy:

Who, What, Where, When, Why

These fundamental questions guide every aspect of your Wealth Vision. By continuously addressing these questions, we make sure your financial plan is always aligned with your goals, values, and circumstances.

- **Who:** Identifying the key individuals involved in your financial plan, including beneficiaries and stakeholders.
- **What:** Clarifying what you are planning and investing for, whether it's retirement, education, or another goal.
- **Where:** Determining the optimal location for your assets, both geographically and in terms of asset classes.
- **When:** Establishing timelines for achieving your goals, whether they are short-term, mid-term, or long-term.
- **Why:** Understanding the motivations behind your financial goals so we know they are meaningful and aligned with your values.

Maximizing Wealth, Minimizing Taxes, Maintaining Control

These three primary goals are central to every step of the process so your financial plan can increase your wealth, is protected from unnecessary taxation, and gives you control over your financial future.

Lifestyle Protection Planning

The principles of Lifestyle Protection Planning — your willingness and ability to take risks — are integrated into every decision, making your financial plan robust and resilient — and as protected as possible.

- **Willingness and Ability to Take Risk:** We continuously assess your risk profile to verify that your financial strategy is appropriate for your comfort level and financial capacity.

The Investment Policy Statement (IPS)

Mentioned previously, the IPS's goals of balancing risk and return, along with its consideration of the five constraints (Time Horizon, Liquidity, Taxes, Legal Issues, and Unique Circumstances), are essential for the continual and careful management of your wealth.

- **Risk and Return:** Your portfolio is designed to achieve your desired returns while staying within your risk tolerance.
- **Five Constraints:** Continuously addressing these constraints regularly affirms that your investment strategy remains aligned with your evolving circumstances.

Regular Monitoring and Reporting

Regular monitoring and reporting are also essential factors that contribute to the success of your Wealth Vision. Financial markets and personal circumstances are always changing, and your financial strategy must be flexible enough to adapt so your portfolio can continue to thrive.

The Importance of Quarterly Reviews

Quarterly reviews allow us to assess the performance of your portfolio, review any changes in your financial situation, and make necessary adjustments. These reviews provide the data we need to confirm that your investment strategy remains aligned with your goals and that any potential issues are addressed promptly.

- **Performance Analysis:** Reviewing how your portfolio has performed relative to benchmarks and your investment objectives.
- **Market Conditions Review:** Assessing how changes in the market or economic environment might impact your portfolio and financial plan.
- **Strategy Adjustments:** Making necessary changes to your investment strategy, asset allocation, or other financial strategies.

Detailed Reporting

Providing detailed, transparent reporting is a key part of our commitment to you. We want you to have a clear understanding of how your investments are performing and

how they are contributing to the advancement of your Wealth Vision.

- **Performance Reports:** Regular reports that detail the performance of your portfolio, including gains, losses, and comparison to appropriate benchmarks.
- **Risk Analysis:** Assessments of the current risk level of your portfolio and how it aligns with your risk tolerance and IPS guidelines.
- **Goal Progress:** Tracking progress toward your financial goals so you remain on track to achieve your Wealth Vision.

Summation: Staying Aligned with Your Wealth Vision

Implementing and managing your Wealth Vision is a standard ongoing process that requires careful planning, disciplined execution, and regular oversight. By following the seven-step process — which is tailored to your specific needs and priorities — and integrating the key elements of your Wealth Vision, we can continually confirm that your financial strategy remains aligned with your long-term goals.

We are committed to being your trusted partner throughout your financial odyssey. Whether you are just starting on the path to building your Wealth Vision or seek to refine and optimize your existing plan, our team can provide the expertise, guidance, and support you need to achieve the lasting financial success you desire.

Special Section: Succession Planning for Business Owners

For business owners, the Wealth Vision process must also encompass succession planning — an essential element for the continuity of the business and the achievement of personal financial goals. Succession planning is not just about transferring ownership; it's also a strategy that can prepare your business for the future, setting protocols so your business continues to thrive even as you step back from day-to-day operations.

Core Activities in Business Succession Planning

The process of succession planning for business owners includes several core activities, each integrated into the broader seven-step process of implementing your Wealth Vision:

- **Establishing Owner Goals and Objectives:** The first step is to clearly define your personal and business goals. This includes determining when you want to retire, how much income you need from the business post-retirement, and your vision for the future of the company.
- **Performing a Business Valuation:** An accurate business valuation is essential to understanding the true value of your company. This valuation informs decisions about ownership transfer, retirement funding, and estate planning. A professional assessment according to market standards of evaluation will provide a legitimate and accepted valuation, as well as indicating potential ways to augment the value of your business.

- **Cash Flow Forecast:** Projecting the business's future cash flows is necessary for determining its ongoing viability and determining that it can meet both its operational needs and your personal financial goals.
- **Personal Wealth Vision and LRB Process:** Just as with other clients, business owners need a comprehensive Wealth Vision that integrates the value of their business. The Lifestyle Return Benchmark™ (LRB) helps determine the rate of return needed to support your desired lifestyle, composed of both your personal and business assets.

Additional Succession Planning Considerations

Beyond these core activities, business owners must also focus on several other key areas to ensure a successful transition:

- **Management Team Development:** Preparing your management team to take over is crucial. This involves identifying potential leaders, providing necessary training, and gradually reducing your involvement in day-to-day operations.
- **Building and Preserving Value:** It's important to continue building and preserving the value of your business even as you prepare for succession. This might include strategic investments, operational improvements, or brand development. Your business valuation may provide some powerful ideas.
- **Reducing Personal Involvement:** A key part of succession planning is gradually reducing your personal involvement in the business. This allows the

business to operate independently of you, increasing its attractiveness to potential buyers or successors.

- **Ownership Transfer Strategies:** There are a variety of strategies for transferring ownership of your business, whether through selling to a third party or passing the reins to members of your family.

Summation: The Importance of Exit Planning

For business owners, the Wealth Vision process must incorporate a robust succession plan, integrating both personal and business financial goals. This specialized approach includes key activities such as establishing owner goals, performing a business valuation, forecasting cash flows, and aligning the personal Wealth Vision with the Lifestyle Return Benchmark™ (LRB).

Additionally, successful succession planning involves developing the management team, building and preserving business value, reducing personal involvement, and strategizing ownership transfer. These steps ensure that the business remains viable and continues to thrive while supporting the owner's transition into retirement, all within the broader framework of maximizing wealth, minimizing taxes, and maintaining control.

Quiz Questions for Chapter 8

Implementing and Managing Your Wealth Vision

1. How does the seven-step process of implementing your Wealth Vision differ from a rigid financial planning sequence?

2. What is the significance of setting strategic goals as the first step in the Wealth Vision process?

3. How does the Investment Policy Statement (IPS) guide your investment strategy?

4. Why is cash flow planning critical for achieving your financial goals?

5. What are the five key constraints addressed in the Investment Policy Statement (IPS)?

6. How does tax planning contribute to maximizing the after-tax value of your wealth?

7. What role does risk management play in maintaining control over your financial plan?

8. Why is asset protection important, and what are some methods used to safeguard your wealth?

9. What are the core activities involved in business succession planning as part of the Wealth Vision process?

10. How do quarterly reviews and regular monitoring ensure that your Wealth Vision stays on track?

Quiz Answers for Chapter 8

1. The seven-step process in implementing your Wealth Vision is flexible and can be adjusted based on the client's most pressing needs and goals, unlike a rigid financial planning sequence. This approach allows for a personalized and dynamic financial strategy.

2. Setting strategic goals as the first step in the Wealth Vision process is significant because it defines what you want to achieve with your wealth, guiding all subsequent planning and decision-making. It ensures that every aspect of your financial plan aligns with your broader objectives.

3. The Investment Policy Statement (IPS) guides your investment strategy by establishing clear objectives for risk and return, setting guidelines for asset allocation, and addressing constraints such as time horizon, liquidity, taxes, legal issues, and unique circumstances.

4. Cash flow planning is critical in achieving your financial goals because it ensures that you have sufficient liquidity to meet current obligations while also saving and investing for the future, enabling proactive financial decision-making.

5. The five key constraints addressed in the Investment Policy Statement (IPS) are Time Horizon, Liquidity, Taxes, Legal Issues, and Unique Circumstances. These constraints ensure that your investment strategy is tailored to your specific needs and conditions.

6. Tax planning contributes to maximizing the after-tax value of your wealth by minimizing tax liabilities

through strategies such as leveraging deductions, credits, and efficient tax structures, allowing more of your earnings to be reinvested or used for strategic goals.

7. Risk management plays a crucial role in maintaining control over your financial plan by identifying potential threats and implementing strategies to mitigate them, ensuring that your wealth is protected from unforeseen events.

8. Asset protection is important because it safeguards your wealth from external threats such as creditors, lawsuits, or family disputes. Methods used include legal structures like trusts, LLCs, and estate planning tools.

9. The core activities involved in business succession planning as part of the Wealth Vision process include establishing owner goals, performing a business valuation, forecasting cash flows, and aligning the personal Wealth Vision with the Lifestyle Return Benchmark™ (LRB).

10. Quarterly reviews and regular monitoring ensure that your Wealth Vision stays on track by assessing portfolio performance, reviewing any changes in your financial situation, and making necessary adjustments to keep your financial strategy aligned with your goals.

Chapter 9

A Practical Application of the Wealth Vision

Revisiting the Kendalls

You may remember Michael and Mary Kendall from *Exit Insight, Getting to Sold*, available now on Amazon. Michael graduated with an MBA from Indiana University in 1985 and started his career as a mid-level manager for a shipping company. Soon after, Mary and Michael married and started a family, eventually living in northwest Washington with their three children.

It wasn't long before Michael saw an opportunity and shifted his career into the telecommunications industry during the early advent of personal computers, the Internet, and the sudden innovations of smart phone technology. His business began to do very well and as the value of his business increased, Michael saw the necessity of working with a fiduciary financial planner.

Michael understood that managing his family's new wealth was paramount, and while he had some general ideas of what to do from the few books he'd read, he also understood how important it was to work with a professional financial planner, someone with the knowledge, the trained skills, the experience, and regulatory loyalty to his family rather than pecuniary self-interest.

One of the more important ideas Michael encountered was realizing that not all financial planners were created equally. At one of the weekend workshops he'd attended, Michael learned that some financial planners were simply company salesmen, dedicated to presenting institutional investment products, directing their prospects and clients to purchase certain stock or bond funds because it was in their company's best interests, not necessarily the clients', and besides, the financial agent would earn a commission for every investment product the client acquired.

Thankfully, Michael learned about financial planners who were called fiduciaries, which meant they were bound to serve their clients' best interests, not their own. These higher echelon financial experts had fiduciary obligations defined by licensing regulations. Instead of earning a commission on product sales, a fiduciary financial advisor was fee-based.

In some instances a fiduciary advisor could receive a reasonable industry-standard percentage of their clients' earnings. This meant that if their advice was good and their clients did well, the advisor's earnings increased; if not, they earned less, too. Either way, the fiduciary advisor was dedicated, by regulation, to serve his or her clients, not themselves or their company.

Michael loved the idea. Having a financial expert who was obligated to serve his family's best financial interests, someone he could trust, was exactly what he needed.

One weekend Michael attended an afternoon workshop given by Jonathon, a fiduciary financial planner whose presentation about all the usual pillars of smart investment, such as diversification, asset allocation, strategies for building

a portfolio focused on a projected retirement lifestyle, alternative investments, growth versus value, risk vs. reward, inflation protection, and tax efficiency all made lots of sense, but Jonathon offered something more than the others, something that immediately caught Michael's interest.

Standing at the front of the room, Jonathon's eyes scanned the dozen or so attendees seated at the small round tables. His tone was calm but commanding as he introduced the next concept. "Now, I want to introduce you to something that will change the way you think about returns — something called the LRB, or Lifestyle Return Benchmark™, a term my company created.

"As I've said before, we aren't interested in chasing the highest number. What we want to do is calculate the rate of return your portfolio needs so you can achieve and sustain the lifestyle you want. Too many people get lost in the idea of constantly maximizing returns without knowing how much wealth they really need. Because of this, many investors put themselves at unnecessary risk. With the LRB, we're creating a framework that lets us work backward from your goals — whether it's retirement, a vacation home, or leaving a legacy. Our LRB calculations tell us what's enough, allowing you to invest with purpose, not fear, giving you peace of mind instead of being in a never-ending race toward an undetermined finish line."

Jonathon leaned forward, his voice dropping slightly for emphasis. "It's a strategy based on reality, designed to fulfill your precise dream of success, not running toward an ephemeral and undefined mountain of wealth. I know the market can be volatile. We've all seen the ups and downs. But by focusing on your LRB, you're not reacting to every swing.

You're sticking to a plan that's built on your personal financial roadmap. Let me emphasize that … This is your own personal annual return target, customized for your specific financial circumstances and intentions. Rather than living in a state of fear, always chasing high returns that could land you in a big pot of boiling water, you are only seeking to achieve an average annual return that secures your financial goals across the span of time you have, until you need the funds.

"You might need an annual return of 5%, or 6.5%, or 4.75%. Once we know what your financial goals are, we reverse engineer what your annual return must be, based on your current assets. This way we know how to fill the gap between where your finances are today and where you want them to be at a precise point in your future.

"This roadmap is what keeps us grounded. We're not guessing here — we're designing something with clarity, and this is powerful. When you know your LRB, every financial decision you make can now be aligned with your life goals, and that's how you create wealth with security, not stress."

Jonathon transitioned to the next topic, raising his hand slightly, as if guiding his listeners to shift their perspective. "Now, let's talk about something even deeper — what I call the 'Wealth Vision.' It's not just about money; it's about your life, your values, and how wealth can serve you, not the other way around. A Wealth Vision helps you align your financial goals with what truly matters to you. Whether it's time with family, traveling the world, philanthropy, or simply reduced anxiety, we map your financial strategy to your personal aspirations. Because let's be honest — what's the point of having more money if it's not helping you live the life you want?"

Jonathan paused, letting that thought sink in, then continued with energy. “With a Wealth Vision, every financial decision becomes part of your larger purpose. You’re not just managing wealth, you’re building a life that reflects your values. It’s about knowing that every choice — from how you invest to how you spend — moves you closer to your vision. You deserve to feel that your financial future is not just secure, but also meaningful. And that starts with being intentional. When you have a Wealth Vision, you’re not just looking at numbers — you’re looking at the life, your life, which those numbers can help create.”

Michael was hearing information he had not heard before, including such things as Lifestyle Protection Planning, understanding the difference between risk ability and risk tolerance, the required rate of return (RRR) his portfolio would need to achieve, on average, over the course of years, the value of having an Investment Policy Statement (IPS), and the eye-opening information about the importance of conducting a business valuation, since the subjective practices he had been using up until now were apparently faulty.

Michael was convinced, and at the end of the workshop he scheduled the initial courtesy meeting with Jonathan.

That night he explained to Mary what he had learned and his excitement for potentially securing their financial future through the services of a fiduciary financial planner.

On his return home, Michael walked into the living room with a sparkle in his eyes, his energy palpable. Mary looked up from her book, sensing that something exciting was coming.

“Mary, you’re not going to believe how productive today’s workshop was!” he began. He sat down beside her, his enthusiasm contagious.

“Oh? Tell me everything,” Mary said, smiling, putting her book aside. She loved seeing him so animated, one of his endearing characteristics.

“So, this afternoon’s workshop was hosted by Jonathan. He’s a fiduciary financial planner, and he really stood out from all the others. He talked about building a ‘Wealth Vision,’ which is basically a comprehensive strategy for our financial future. It’s more than just investments; it’s about managing every aspect of our financial health — from now until retirement, and beyond, into our retirement years. I scheduled a courtesy meeting with him next week.”

Mary’s eyes widened slightly. “Wealth Vision? That sounds … well, impressive,” she said, her tone thoughtful. “What does that mean exactly?”

“It means we’ll have someone who looks at the big picture. He can help us map every step we need to take, not just for us, but for the kids, too. This isn’t about just parking money in investment accounts; it’s about creating a plan that grows with us — adjusting to changes in our lives, taxes, the market … I’m talking about real, long-term security.”

Mary leaned in, a mixture of curiosity and relief running through her. “You really think he’s the right person to trust with something this big?”

“Absolutely,” Michael said firmly. “I wasn’t the only one impressed. The whole room tuned in when he talked about

how most people have a misguided wealth target. He said the goal for his clients isn't focused on creating more wealth just to have a huge pile of money — it's about knowing what the dream costs and then making sure we create that precise level of wealth so we can actually live the life we want, without running out of money or stressing about whether we're going to have enough. Knowing, not guessing.

"Most people, and this is true for me, haven't monetized their goals and don't realistically know how much they need to live a financially secure life into their 90s, or even their 100s. I've always thought we need more, more, more, and that even with more, it still wasn't going to be enough because I didn't know how to think like a financial planner.

"It's obvious, honey. Every profession trains their people to think a certain way. Attorneys think a certain way, CPAs think a certain way, teachers think a certain way; well, so do financial planners. When they're good, they know as much as possible about financial planning, which is a high-level specialty, and among this group of trained professionals are those who stand out.

"That's what this guy is, a fiduciary financial planner with some tremendous ideas that will help us secure our financial future. The way he explained his concepts and the process he uses, it was clear that we need this kind of professional guidance."

Mary nodded slowly, taking in his words. "It sounds … exactly like what we need. I've been worried about whether we're on track. I mean, we're doing okay, I know, but I don't want to just be 'okay.' I want us to feel secure. For us, for the kids, for our future."

"And that's what I think he can help us with," Michael continued. "It's not just increasing our wealth — it's protecting it so it supports the life we choose to live. And he's a fiduciary, Mary. He's legally bound to act in our best interests. No commissions or pushing products we don't need. Just pure advice based on what's financially best for us."

Mary smiled, her shoulders relaxing a bit. "That's a relief. This is great news, dear. We've always tried to do things ourselves, and I know it's been trying. I didn't realize how much pressure you've been under to figure this out."

Michael took her hand, squeezing it gently. "We've done well so far, but it's time to get expert help. And Jonathan seems like the real deal. He'll work with us to design our Wealth Vision, and also manage it — so we're not doing it all alone."

"I'm so glad you found him," Mary said softly. "I trust your instincts. If you believe he's the right person, I'm on board. We deserve to have that peace of mind and know that everything we've worked for is going to be protected."

Michael relaxed. "That's exactly how I feel. And just think — when we retire, we'll already have a solid plan in place. We won't be scrambling or unsure."

Mary leaned back, letting out a breath she hadn't realized she'd been holding. "You're right. I feel like this is the answer we've been looking for."

Michael nodded. "This could change everything for us."

Mary smiled at him, her eyes warm with gratitude. "You've always been good at finding the right path for our family. I'm

so grateful, Michael. This feels like the beginning of something really good."

"It is, Mary," Michael said confidently. "This is the start of a new chapter for us. A chapter where we're not just working hard — we're working smart. And I have no doubt that with Jonathan's help, we'll be more than ready for whatever the future holds."

Mary reached out, pulling him into a hug. "Thank you," she whispered, "for thinking ahead, for wanting the best for us."

Michael smiled against her shoulder. "Always."

* * *

Jonathan leaned back in his leather chair, glancing at the financial documents spread across his desk. The afternoon sunlight streamed through the window, casting a warm glow in the cozy office. Michael sat across from him, his posture firm, yet the hint of uncertainty in his eyes betraying his cool demeanor.

"So, Michael," Jonathan began, "the big dream is to retire in style with Mary and leave enough for the kids and grandkids to remember you fondly at every family reunion, right?"

Michael chuckled. "Exactly. Think I'm aiming too high?"

Jonathan smiled. "Not at all. But before I start promising you beachfront retirement and a family fortune, I need to get a good look at what we're working with. Financial legacy sounds great, but first, let's make sure you and Mary can retire without worrying if it's going to cost you your grandkids' trust fund."

Michael nodded, shifting in his seat. “Fair enough. So, what’s the first step?”

“I’ll need to review all your current assets, income, investments, liabilities — all the fun stuff. We’re talking ‘the works’,” Jonathan said. “Once I see what you’ve got, I can let you know if we’re talking Caribbean sunsets or … maybe a nice lake house. Either way, we’ll figure it out.”

Michael’s grin was slightly crooked. “So, you’re saying I can dream, but you’re going to keep me grounded.”

“Exactly! I’m here to make sure your dreams don’t send you into a disappointing reality check.”

They both laughed but Michael felt a bit uncomfortable.

“So, Michael, let me walk you through the Wealth Vision process,” Jonathan began. “It’s not just about where you and Mary are today — it’s about where you’ll be in thirty years, enjoying life on a beach without a care in the world.”

Michael chuckled, but he liked the sound of that. “I do like the beach …”

“Me, too,” Jonathan nodded. “Now let’s focus on what I like to call ‘The Three Ms.’ It’s the heart of the Wealth Vision. First, we maximize value. We want every dollar you and Mary have working for you — not sitting idle, not underperforming.”

“Okay, that’s good,” Michael replied.

“That brings us to the second M: minimizing taxes and other predatory influences — things like fees, inflation, bad advice.

Basically, anything that tries to siphon your wealth."

"Ah, the predators," Michael mused. "Like my brother-in-law Burt who swears by his stock tips."

Jonathan chuckled. "And finally, the third M is maintaining control. This is your money, your future. The last thing we want is you feeling like you're on some financial roller coaster. You and Mary are in the driver's seat. My role is to present your options and explain them, but then you and Mary make the call."

Michael nodded, pleased. "I like this approach. No gimmicks, no guesswork — just solid planning. And you think we'll have enough for that beach in thirty years?"

Jonathan smiled confidently. "My hope is that by the time we're done, you'll have enough for the beach, and maybe even a yacht if you want."

Michael laughed. "Alright, let's see where we're at and get this Wealth Vision plan rolling."

"Great!", Jonathon said. "I'll send you a checklist of all the other documents I'll need so I can begin analyzing your current financial situation, and then me and my team can get going. By the way, I think you know that establishing an effective Wealth Vision plan includes knowing the market value of your business."

"Oh, that's easy," said Michael. "Just look at my EBITDA, right?"

"No!" Jonathan said with emphasis. "Surprisingly, most business owners don't realize that the market has precise ways of valuing the true worth of a business. When the day comes and you decide to sell your business, your business will be assessed according to standards acceptable in a court of law."

"I didn't know that!" Michael mused. "So that probably also means a business valuation could reveal ways in which I can improve the market value of my business, giving me a chance to increase the business value over a period of time?"

"Exactly," Jonathan said. "A business valuation can show areas of deficiency, and knowing what they are now, you're likely to have enough time to improve them and increase the market value of your business. Because the value of your business is probably a major factor of your Wealth Vision plan, knowing the current value of your business and making the right plans to improve its value will probably increase your financial assets, bringing you closer to that beach."

With a firm handshake, Michael knew he'd found the right person to guide him and Mary through the next three decades.

* * *

Their next meeting was a week later. Michael sat back, letting out a low whistle as Jonathan finished the rundown of his analysis. "So, let me get this straight," Michael said, raising an eyebrow, "Right now, my business is worth $2 million, but for Mary and me to retire comfortably, we need to get that number to $10 million. And on top of that, there's the personal wealth stuff — adjusting the portfolio, setting up trusts, buying a fixed index annuity, creating an IPS ... This is one heck of a to-do list."

Jonathan leaned forward, a confident but reassuring smile on his face. “I won’t lie, Michael — it’s a lot. But everything on that list? It’s do-able. And frankly, if we’re going to close that gap between what you have and what you’ll need, we’ve got to get going.”

Michael considered. “Okay, I’m with you. But you’re saying I need to start by pumping my business value up to $10 million. How are we going to pull that off?”

“Well,” Jonathan said, pulling out a folder filled with projections, “the first big step is diversification. You’ve got a solid business already, but right now you’re too reliant on a single sales channel. We need to build two additional ones — new products, and new markets. It’ll increase revenue and reduce your vulnerability. More importantly, it’ll position your business for sustainable growth and a higher sale value in 10 years.”

Michael nodded. “Makes sense. And what about the safe harbor 401(k) you mentioned? That’s for me and my employees, right?”

“Right. It’s a retirement plan that allows you to put away more funds in a tax-advantaged account. It’s a win-win — your employees get a strong benefit, and you shelter more income. We’ll need to get that up and running soon,” Jonathan said.

“And the LLC for the investments? That’s to keep things from … what? Being picked apart?” Michael asked, raising an eyebrow.

“Yes, predators,” Jonathan agreed. “Litigation, taxes, you name it. An LLC shields your investment accounts. We

also put a globally diversified investment strategy in place. Something that'll match your Required Rate of Return, aligning with your risk tolerance. The idea is to let your money work as hard as you do, without taking any unnecessary risks."

Michael exhaled slowly. "Okay, I get it. This all sounds smart. A lot to tackle, but I like the way we're proceeding."

Jonathan leaned back in his chair. "That's the key, Michael. The list is long, but every step is deliberate and with purpose. We're not just throwing ideas at the wall — we're creating a plan that's precise and strategic."

Michael nodded. "Well, you've got me convinced. I'm ready to roll up my sleeves."

Jonathan laughed and extended his hand. "Good. My team and I will get to work as soon as we get the last set of documents from you."

Michael shook Jonathon's hand, feeling a mixture of excitement and determination. "I'm ready," he said. "Zero to 100!"

* * *

Another week had passed, and now Michael sat once again in the plush leather chair of Jonathon's office, his eyes scanning the spreadsheet displayed on the monitor in front of them. The numbers felt daunting. Across from him, Jonathon sat calmly, used to turning financial stress into a manageable plan.

"Okay," Michael said, breaking the silence. "7.56% annual return on our personal investments? For the next 10 years?"

Jonathon nodded. “That’s right. It might sound like a lot, but based on the portfolio we’ve structured, it’s totally achievable. Given both yours and Mary’s risk tolerance, which we determined through the questionnaire and my review of your assets, that’s the sweet spot. It’s aggressive enough to meet your long-term goals but reasonable enough that you won’t be up at night worrying about it.”

Michael let out a half-sigh, half-laugh. “I might still be up at night.”

“Michael, trust me,” Jonathon grinned. “I’ve seen your investment portfolio. It’s solid. The market will fluctuate, sure, but with the right diversification and some discipline, you’ll hit that target without sleepless nights.”

Michael nodded but remained pensive. “And that takes care of our personal finances. But the 15.76% annual increase in the value of the business? Over 10 years?”

Jonathon nodded. “I understand, but you’re not competing with Apple or creating the next AI app. 15.76% per year sounds like a big leap, but when you break it down, it’s entirely doable. It’s about smart, strategic moves that add real market value.”

Michael leaned forward. “Like what?”

“Well,” Jonathon started, “as we discussed before, the first thing to consider is diversifying your revenue streams. Right now, you’re mostly dependent on a single sales channel, right?”

"Yeah, most of our revenue comes from the contracts we've had for years. Reliable clients but not exactly a growth engine."

"Here's an opportunity," Jonathon said. "You need more than one sales channel, so start thinking about other ways to generate income. A new product line, for example, or new services you could offer. Take a trip to Japan and South Korea … they're on the laser edge of smart phone technology. Attend a few international conferences, make some connections and bring back new ideas that will be in high demand in North American markets."

Michael raised an eyebrow. "I've thought about it but never really committed."

Jonathon waved a hand. "Now is the time. Your commitment is the key to these new opportunities. When you start opening new streams, even small ones, they'll grow. More importantly, though, you'll reduce your dependency on a single revenue source. That alone will add value to your company."

Michael was listening more intently now, the wheels turning in his head. Jonathon could see the spark of interest and he pressed on.

"Next, cash flow," Jonathon continued. "I've seen your financials, and while the business is profitable, there's a lot of cash sitting idle. You've got to improve this situation."

Michael frowned. "We're doing fine, though. Bills get paid, payroll is covered. What's wrong with some cash in reserve?"

"Nothing's wrong with reserves," Jonathon said, "but when your money just sits there, it's not working for you. The

business could be earning interest or funding expansion. You've got growth opportunities. Instead of letting money collect dust, reinvest it — whether that's in new equipment, expanding the workforce, or marketing campaigns to bring in more clients."

"Alright," Michael said, feeling a little more optimistic. "So, more sales channels, and reinvest cash flow. What else?"

Jonathon leaned back in his chair. "You need to reduce your controllable risks. I've done some calculating and your business has a couple of soft spots. One of them is correcting operational inefficiencies. These are things you can control, and addressing them will give your company a boost in value. Reduce those risks, and your business looks more attractive to investors or potential buyers down the road. They want stability. Fix those issues and you increase value. More value means a higher sale price on closing day."

Jonathon paused, letting Michael absorb it all. Then he added, "One more thing, and this could be a big one for you."

"What's that?" Michael asked, tilting his head.

"Real estate," Jonathon said. "I recommend you buy the property where your business is."

Michael blinked in surprise. "Buy the site? We've been leasing it for years."

"I know," Jonathon said. "But buying the real estate adds serious value to your company. It's an asset that not only appreciates on its own but also shows you're thinking long-term. Plus, real estate boosts your business valuation. It's

something tangible, something you can leverage."

Michael was silent for a moment, digesting the idea. Then a slow smile spread across his face. "Real estate, huh? I never thought about that."

"It's a game-changer, trust me," Jonathon said confidently. "You're already paying rent. That's money you could be putting toward ownership. Plus, as your business grows, the property's value will grow with it. It's a win-win."

Michael sat back, gears turning, and his initial anxiety gave way to excitement. "You know what, Jonathon? I think we can do this."

"I know we can, Michael. These changes won't happen overnight, but they will happen."

"I'm going to follow your plan, step by step. Thanks for getting me started on the right path."

"Let's meet every month at first," Jonathon advised, "so we can assess your progress. Once the ship is under full sail, we can meet quarterly. Sound okay?"

"Yes," Michael replied. "That will be fine."

"Let's meet next week, though, as I want to discuss your personal investment portfolio with you and Mary. I want to explain how we're going to achieve a 7.56% required rate of return, average, over the next 10 years, and I'll also need you to sign the documents for the fixed rate annuity."

“Sounds good, Jonathon”, Michael said.

“Glad to help,” Jonathon replied. “And hey, when that 15.76% starts rolling in, don’t forget to invite me to the company party.”

Michael laughed. “Deal. You’ll be the first name on our guest list.”

They both walked to the door, Michael feeling lighter than when he’d arrived. The path ahead might be challenging, he thought, but for the first time in months, he felt confident he could tackle it.

And maybe even enjoy the ride.

* * *

Today both Michael and Mary were in Jonathon’s office to discuss how Jonathon’s Wealth Vision plans would prepare their financial future and boost their retirement lifestyle. Sunlight poured into Jonathan’s cozy office through the tall windows. Jonathan had a friendly smile on his face as he shuffled a few papers.

“So,” Jonathan began, tapping the stack lightly on his desk, “an Investment Policy Statement — or IPS — is basically our playbook. It tells us the rules for investing your money and the return we need to aim for while staying within your risk tolerance.”

Michael raised an eyebrow. “So, it’s like a game plan? Sort of like the rule book?”

"Yes," Jonathan said. "But instead of touchdowns, we're going for financial goals — retirement, travel, maybe that beach house you've been talking about."

Mary's eyes were bright with interest. "So the IPS makes sure you can't just 'go rogue' with our money, right?"

"Right; it's about transparency and making sure you know you have control of your assets. The IPS outlines the types of investments we can hold in your portfolio, the risk we're comfortable with, and the return we need to meet your goals."

Jonathan picked up a pen and continued. "Once we have the IPS locked in, we move on to the fun part — building your portfolio. We'll start with core investments. These are your steady, reliable performers — things like bonds and large-cap stocks. They're your financial rock."

Michael nodded. "I like steady. Steady sounds good."

"But," Jonathan added, "we also need an accelerator. That's where the satellite investments come in. These are smaller, more nimble positions that can provide some serious growth potential. Think of them as jet fuel. They can increase your returns — as we balance them with the safer core investments so you're not taking excessive risks."

Mary laughed. "So we get stability, and we also get a little thrill. Sounds like a good mix!"

"Yes," Jonathan said. "A balanced portfolio that accommodates your prescribed level of risk and return, intended to meet your goals at a defined point in time, which, in your case, is 10 years. Of course we'll fine-tune as we go, but the IPS is our

north star."

Michael and Mary exchanged glances, clearly impressed.

"This all sounds fantastic," Michael said.

Mary smiled warmly. "Thank you for making this so easy to understand. We really appreciate it."

"My pleasure," Jonathan said. "And this is just the beginning. Now let's discuss the seven steps of the Wealth Vision. Some of these we've already discussed, but I want to lay it out in sequence so you have a clear picture of what a Wealth Vision is and how it serves you."

"Please do," Michael replied.

Jonathan reached for his cup of coffee. "So, let's dive into the Wealth Vision plan. It's built on seven key steps, and we'll tailor each one to fit your specific needs and goals. First, we begin by identifying your strategic goals." He paused briefly, noting their attentive expressions. "For you, the main focus is a comfortable retirement and leaving a meaningful legacy for your children."

Mary nodded, glancing at Michael, who gave her hand a small squeeze. It was a wish they had discussed many times before.

Jonathan continued. "Next is step two: cash flow planning. Here, we'll ensure you can comfortably meet your monthly and annual expenses without stress. It's about managing your income in a way that aligns with your lifestyle, while also keeping your long-term goals in mind."

Michael's brow was slightly furrowed. "That's something I've been thinking about a lot lately."

"You're not alone," replied Jonathon. "It's important for everyone. Step three is the Investment Policy Statement, or IPS. This defines your investment strategy and how we'll balance risk and return. We'll consider the five constraints: time horizon, liquidity, taxation, legal issues, and any unique circumstances such as controlling any unusual debt, or replacing your cars, or even potentially remodeling your house, if that's something that benefits its sale."

Mary's eyes flickered at the mention of the house. "Yes, we've talked about the need for a few updates. Making our home more attractive for us now and for buyers in 10 years is a good idea."

Jonathan nodded. "Yes, and we'll factor that in as part of the overall plan." He shifted in his seat and moved to the next point. "Step four is tax planning. Now, there's nothing wrong with paying taxes …"

"But there's no reason to pay more than we need to," Michael finished.

"Right," Jonathan agreed. "Smart tax strategies will keep more money working for you. Step five is risk management, which means we adjust your portfolio as markets and economic conditions change. We don't just set things up and leave them; we'll revisit and refine regularly and as needed."

Michael nodded, reassured, appreciating that Jonathon would be proactive, and his promised consistency was a huge benefit.

"Step six is asset protection," Jonathan continued. "This involves legal structures — trusts, LLCs, estate planning tools — to safeguard your wealth. It's essential, especially when planning for future generations, and of course we'll be in regular contact with quarterly and annual reports, and we're always available for a discussion."

Finally, as Jonathan's tone shifted to emphasize the importance of the last step, "The seventh step is about special projects. Specifically, Michael, in your case, we want to grow the value of your business from $2 million to $10 million over the next 10 years."

Michael's eyes sharpened. "Yes, I'm ready to move forward."

Mary gave a supportive nod. "We've talked about it, too. We're both willing to do whatever it takes to make this happen."

Jonathan saw their commitment. "That's great to hear. When we get all the details worked out and your Wealth Vision plan is in place, I'm confident you'll reach and even exceed your goals."

As the meeting wrapped up, there was a sense of optimism in the air. Michael and Mary exchanged a glance, reflecting the same thought: the future now looked brighter than ever. With Jonathan guiding them, Michael and Mary both felt more secure and more determined to make their financial dreams a reality.

Summation: Special Considerations and Insights

The complexities of financial planning require an understanding of the two main types of financial advisors. Fiduciary financial planners are legally bound to act in your best interest, putting your financial success ahead of their own. Their fee structure is designed to reflect this and means that fiduciary planners prioritize your financial well-being and long-term success instead of sales commissions. When working with a fiduciary, you can avoid the conflicts of interest that often arise in investment decisions, giving you peace of mind that your financial future is in trusted hands.

One of the key tools our team uses is the Lifestyle Return Benchmark™ (LRB) which shifts the focus from feeling the need to maximize profits and potentially increase risks, to achieving the individually customized return that supports your desired lifestyle. Knowing your LRB means you can invest with a clear goal-centered purpose, reducing unnecessary risk and avoiding the temptation to chase arbitrary wealth targets. A personalized financial strategy set to your life values and specific goals can contribute to a more fulfilling life, rather than being solely focused on indiscriminate wealth accumulation. Our approach is to develop and manage your Wealth Vision so you can make intentional financial decisions that reflect your own unique goals and values.

Effective financial planning means growing your wealth and protecting it for your future. Fiduciary planners incorporate smart tax strategies, minimize fees, and diversify investments so every dollar works efficiently. This comprehensive approach also applies to business owners, where strategic financial planning can lead to increased business value, reduced risks, and long-term growth. An Investment Policy Statement (IPS)

guides fiduciary advisors with keeping your finances dynamic and adaptable, safeguarding your assets for future generations and securing your retirement and financial legacy.

Quiz Questions for Chapter 9

A Practical Application of the Wealth Vision

1. What distinguishes a fiduciary financial planner from other financial planners?

2. What is the Lifestyle Return Benchmark™ (LRB)?

3. Why does Jonathon emphasize the importance of a Wealth Vision?

4. What does Michael realize about his past approach to wealth?

5. What does Jonathan say is the first step in the Wealth Vision process?

6. What are 'The Three Ms' in the Wealth Vision?

7. How will a business valuation benefit Michael?

8. Why is it important that Michael and Mary know the average annual return their investments should achieve over the next 10 years?

9. What does Jonathon suggest Michael purchase to increase his company's value?

10. What are the two types of investments Jonathon describes to Michael and Mary?

Quiz Answers for Chapter 9

1. A fiduciary is bound by regulations to act in their clients' best interests, not for their own commissions.

2. The Lifestyle Return Benchmark™ (LRB) calculates the return needed to sustain a specific lifestyle rather than having to continually chase high returns.

3. A Wealth Vision aligns financial goals with personal values, balances an investor's risk tolerance with their risk ability, identifies the required rate of return (RRR) needed to achieve a specific lifestyle over a defined range of time, helps identify the most appropriate investments for a portfolio, determines the variety of elements needed for a comprehensive and holistic financial plan, and reduces the anxiety of living in doubt.

4. Michael realized his investment focus was incorrect, as he was investing to accumulate more wealth without knowing how much was needed for his goals and financial security.

5. Jonathan reviews his client's assets, income, investments, and liabilities to assess the current financial situation; this helps him identify the gap between present-day wealth and the desired wealth, a necessary step before he can create a financial plan.

6. Maximizing value, minimizing taxes and fees, and maintaining control of finances.

7. A business valuation will reveal areas to improve, potentially increasing the market value of his business.

8. Knowing that their required rate of return (RRR) is 7.56% is instrumental for balancing risk and return; this calculation provides guidance with how well their portfolio is growing, helping them stay on target for their desired lifestyle. Some years will average higher or lower, but knowing their target average priovides important insight and may be helpful with keeping or reselecting the investments in their portfolio.

9. Jonathon recommends Michael buy the property upon which his business is located because it may increase the value of his business when it's time to sell.

10. Jonathon describes core investments (steady, reliable) and satellite investments (for growth potential). The combination of these two types of investments can control risk while also potentially increasing wealth accumulation.

Chapter 10

What Happens Next

The Journey Ahead

As we reach the end of this book, you are at the threshold of a new and different journey — creating your financial future with a more clearly defined process through your Wealth Vision. With a broader understanding of the process, strategies, and tools that can help you achieve financial independence and the lifestyle you've envisioned, you can now elect to make decisions that can truly deliver the future you desire.

However, as you know, knowledge isn't enough; it's necessary to take action. Whether you're just starting out and planning your financial future, or wanting to refine an existing strategy to help you achieve better results, or you are choosing to create a new financial blueprint that may provide you with a significant advantage over previous strategies, it's important to take the initiative and act now.

Our team is here to guide and work with you, available for implementing the principles and strategies outlined in this book, shaping them to suit your circumstances and aspirations. Contacting us is the next step in your Wealth Vision journey, a step that can give you the comfort of knowing you are proactive with taking control of your financial future and protecting your family's best interests.

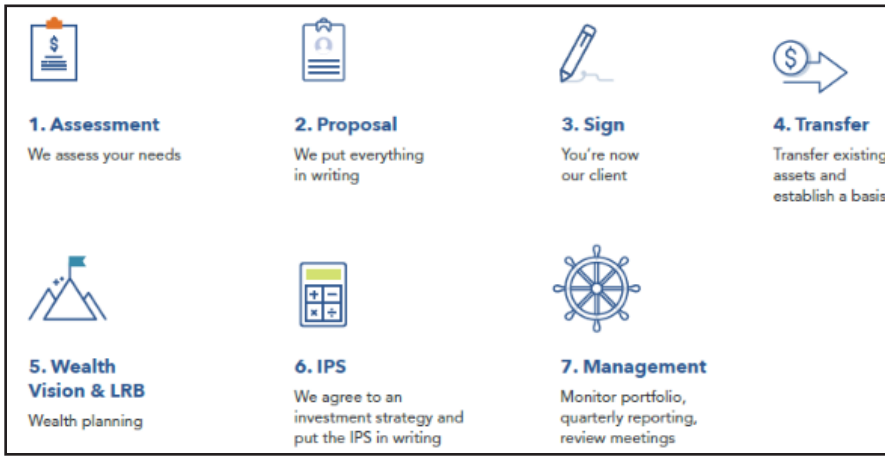

Figure 17: Your Wealth Vision's Action Steps.

Thoughts about Financial Independence

Achieving financial independence is a dynamic process that requires careful planning, disciplined execution, and continual management. This book described the components of building a Wealth Vision — among them, setting strategic goals, creating an Investment Policy Statement (IPS), implementing effective tax and risk management strategies, and building an investment portfolio targeting a precise annual average rate of return. Each of these elements is vital for making your financial plan resilient, reliable, adaptable, and aligned with your long-term goals.

Proactive planning is essential for anticipating challenges, seizing opportunities, and making informed decisions that safeguard your wealth and enhance your financial health. Understanding and adjusting to the complexities of wealth management requires more than just foresight; it also requires professional guidance. When you partner with a trusted financial advisor, you gain access to the expertise, insights, and

resources of an expert who can help you manage your wealth effectively. We are committed to assisting you with achieving financial independence, providing the support and guidance you need to make reliable, informed decisions.

The Next Steps

A. The Pre-Engagement Process

Before we can start implementing your Wealth Vision, there is an important pre-hire process that assesses if we are the right fit for each other. This process is designed to align our mutual expectations and set the foundation for a successful partnership.

1. Assessment

The first step is a comprehensive assessment during which we learn more about you, your financial situation, and your perspective of your Wealth Vision. This is also an opportunity for you to learn more about us — how we work, our philosophy, and our commitment to acting as your fiduciary. This mutual discovery process is important because it shows whether we are the right partner for your financial future.

2. Engagement Proposal

If, after the assessment, we both decide we want to work together, we will prepare a written engagement proposal. This proposal outlines the scope of our services, our approach to managing your Wealth Vision, and the terms of our partnership. It is a clear and transparent agreement that sets the stage for our productive relationship.

3. Signing the Fiduciary Contract

Once the engagement proposal is accepted, the next step is to sign a fiduciary contract. This contract formalizes our commitment to act in your best interest so you know that every decision we make is aligned with your goals and financial strength. This document establishes the foundation of a relationship built on trust and accountability.

4. Select Investment Custodian and Transfer Assets

With the fiduciary contract in place, we then work with you to select an appropriate investment custodian to hold and manage your assets. The custodian plays a significant role with ensuring that your investments are secure and efficiently managed. We then facilitate the transfer of your assets to the chosen custodian, to shortly be coordinated according to your new financial strategy.

B. The Work Begins

Once the pre-hire process is complete, we move into the implementation phase, where your Wealth Vision begins to take shape. This phase involves several key steps, each designed to establish and confirm that your financial plan is effectively executed and continuously aligned with your goals.

5. Conduct Wealth Vision and LRB Process

With the initial setup complete, we conduct a thorough analysis of your financial goals, risk tolerance, and desired lifestyle. The Lifestyle Return Benchmark™ (LRB) is established during this phase, helping define the rate of return needed to support your long-term objectives.

6. Write the Investment Policy Statement (IPS)

Following the Wealth Vision and LRB process, we formalize your investment strategy with an Investment Policy Statement (IPS). The IPS serves as the blueprint for how your investments will be managed, balancing risk and return while considering your unique constraints such as time horizon, liquidity needs, taxes, legal issues, and any special circumstances.

7. Implement the Vision Plan

Once the IPS is in place, we move into the implementation phase. This step involves executing the strategies outlined in your financial plan, from investing your assets according to the IPS to implementing tax and risk management strategies. Our goal is to ensure that every aspect of your Wealth Vision is actively working toward your financial goals.

Execution of Strategies: We manage the day-to-day execution of your financial plan, including making necessary investments, reallocating assets, and coordinating with legal and tax professionals to ensure seamless implementation.

Communication: You receive regular communication about these changes so you stay informed and can make inquiries when you want to know more, serving you by helping you stay in control of your finances.

8. Monitor and Review

The final step in the process is ongoing monitoring and review. Financial markets and personal circumstances are always changing, and your financial plan must be flexible enough

to adapt to new influences. We continuously monitor your investments and financial strategies, conducting regular reviews to make sure your plan remains on track toward achieving your Wealth Vision.

- **Regular Reviews:** We conduct quarterly or as-needed reviews to assess performance, make necessary adjustments, and address any changes in your financial situation.
- **Proactive Adjustments:** We make real-time adjustments to your financial strategy in response to market conditions or life events so your Wealth Vision remains aligned with your evolving circumstances.

Summation: Your Wealth Vision Awaits!

The road to financial independence is one of the most important journeys you'll ever take, requiring commitment, discipline, and a willingness to adapt to changing circumstances. But it's also a journey filled with opportunities — opportunities to grow your wealth, secure your financial future, and achieve the life you've always envisioned.

As you take the next steps toward implementing your Wealth Vision, remember that you are never alone. Our team is here to support you with the expertise, tools, and guidance you need to negotiate the complexities of wealth management. Together, we can turn your financial aspirations into the reality you intended as your wealth grows, protected and aligned with your goals.

Your Wealth Vision awaits — let's get started today.

More Resources

In addition to Wealth Insight: Building Your Wealth Vision, we offer a series of other insightful books designed to further deepen your understanding of various financial strategies and tools. All titles can be found on Amazon.

Exit Insight: Getting to "Sold!"

401(k) Insight: Getting to "Retired!"

Real Estate Insight:
Creating Wealth Through Real Estate Investing

Advisor Empowerment: Getting to Independent

Money Insight:
The Art and Science of Managing Money

Investment Insight: To Allocate or Concentrate

Annuity Insight: Building Diversified Portfolios

Wealth Insight: Building Your Wealth Vision

Each book is crafted to provide you with a thorough exploration of critical financial concepts, offering practical advice and strategies tailored to help you achieve your financial goals. Whether you're looking to enhance your investment knowledge, secure your estate, or optimize your tax strategy, our series of books serves as a valuable resource, guiding you through the complexities of wealth management with expertise and clarity. We encourage you to explore these additional works to further empower your financial decision-making and enhance your journey towards financial security and prosperity.

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Synergy's valued clients, who inspire us to keep moving forward and provide meaning to our work

About the Author

Joe Maas, CFA, CFP®, CLU®, ChFC, MSFS, CCIM™, CVA, ABAR, CM&AA

Meet Joe Maas, an esteemed financial professional with an illustrious career spanning over three decades. As the Chief Investment Officer and lead portfolio manager at Synergy Asset Management LLC (SAM), Joe is dedicated to providing comprehensive investment management services to a diverse clientele comprising individual investors, business owners, and financial advisors.

Joe's expertise is anchored in a multifaceted approach that combines deep fundamental and economic analysis, in-depth industry research, consultations with his network of industry experts, and a keen application of quantitative methods and technical analysis.

Within his role, Joe doesn't limit himself to the analysis of existing investments; he also dedicates himself to assessing prospective opportunities, all with the aim of preserving his position as an industry thought leader and staying at the

forefront of the investment industry's evolution.

Behind Joe's extensive knowledge of the financial industry is an unrelenting drive to continuously expand his understanding of investment management. This quest for excellence has led him to achieve certification from distinguished organizations and attain a host of globally recognized professional designations.

Among these achievements, Joe proudly holds the prestigious Chartered Financial Analyst (CFA) Charterholder designation, a testament to his mastery in the investment profession.

In addition to a CFA Charterholder, Joe is a Certified Financial Planner™ (CFP®) and Chartered Financial Consultant (ChFC), equipped to offer comprehensive advanced financial planning services. His diverse skill set extends to life insurance and estate planning as a chartered life underwriter (CLU®).

He also excels as a certified commercial investment member (CCIM™), demonstrating his prowess in the realm of commercial and investment real estate. In 2000, Joe earned his Master of Science in Financial Services (MSFS) from The American College, further solidifying his expertise in the field.

Beyond his proficiency in investment and financial planning, Joe brings a wealth of expertise and hands-on experience tailored to the distinct requirements of business owners. Joe holds the coveted title of Certified Valuation Analyst (CVA) and boasts accreditation in business appraisal review (ABAR). Furthermore, he brings to the table his expertise as a Certified Merger and Acquisition Advisor (CM&AA), a skill set honed in the intricate world of purchasing and divesting middle-market

companies, with revenues spanning from $5 million to $500 million.

Joe Maas is more than just a financial expert; he is a visionary leader deeply devoted to assisting clients in navigating the complexities of the financial world, aiming to help them achieve their financial goals to the best of his abilities.

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