Impacts to your Wealth

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Impacts to your Wealth

- >Income loss
- **≻**Taxes
- **≻** Divorce
- **≻**Death
- ➤ Market loss
- Decisions/Advice/Planning
- Lawsuit: Professional or Personal





Planning Basics

- ➤ Don't be house poor
- ➤ Don't overspend on vehicles
- ➤One spouse / Pre-nup
- Engage cash flow analysis: inflows, outflows (variable & fixed), & surplus
- ➤ Goal setting





Team of Advisors

- Contract review attorney
- **≻CPA**
- > Estate review attorney
- Asset protection attorney
- > Financial advisor
 - Coordination among advisors is critical!





Risk Management

- Protecting your income*Disability Insurance
- Protecting your family*Life Insurance
- ➤ Personal Liability Umbrella Insurance
- Evaluate high-level asset protection strategies



Debt Management

- > Financial sensibility
- > Emotional sensitivity
- ➤ School loans
- ➤ Home loans
- ➤ Consumer debt





Legal Planning

- Medical Power of Attorney
- Durable Power of Attorney
- > Advanced directives
- Custodial issues
- ➤ ILIT (Irrevocable Life Insurance Trust)





Appropriate Risk Profile

➤ Have you engaged a risk analysis of your current portfolio?

More importantly, is your portfolio's risk profile in sync with *YOUR* personal risk tolerance?





Tax Free Planning



- Congress & expectations about future tax rates
- > Tax-managed non-retirement
- Long-term balance to hedge and control tax risk *Roth IRA
 - *Properly structured permanent life insurance

Long Term

Pre 59 ½

- Early exit strategy
- > Death benefit
- Estate benefit
- Living benefit
 - *Tax free growth
 - *Tax free distribution

Post 59 ½

- ➤ Retirement
- Pre tax contributions
- > Taxable contributions
- Potential penalties

*59 ½- 10%

*70 ½- 50%

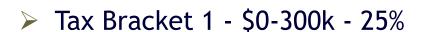


Parameters

➤ Person A & B earn \$600k

Person A- 100% in pre-tax plans

Person B- 50/50 in pre/post tax



- Tax Bracket 2 \$301-600k 50%
- Age 55 each desire half time
- Age 60 each full time retirement





Outcomes Person A

- At 55 A earns \$300k taxed @ 25% and pulls \$300k from pre-tax taxed @ 50% plus 10% penalty.
- At 60 A pulls \$600k--\$300k @ 25% and \$300k @ 50% for a tax liability of 37.5%

Person B

- At 55 B earns \$300k taxed @ 25% and pulls \$300k from post-tax, tax-free.
- At 60 B pulls \$300k from pre-tax @ 25% and \$300k from post-tax @ 0% for a tax liability of 12.5%

Would you rather pay tax on the seed or the harvest?

The key is to maintain tax diversification.



Types of Advisors

- ➤Insurance agents
- **≻**Brokers
 - Generally they don't have the licenses or certifications to engage in financial planning
- Investment advisor representatives (ideally independent)
 - Planning is first objective
 - Followed by implementations



What is the most important question to answer?

AM I ON TRACK?!

- ➤ Do you know the answer to this question?
- Do you have the tools in place to quantitatively address this?

The goal of an advisor should be to answer this question and increase your opportunity for success!

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