

The Life-Cycle Planning Approach to Your Wealth

A PERSPECTIVE FROM JEFFERIES PRIVATE WEALTH MANAGEMENT



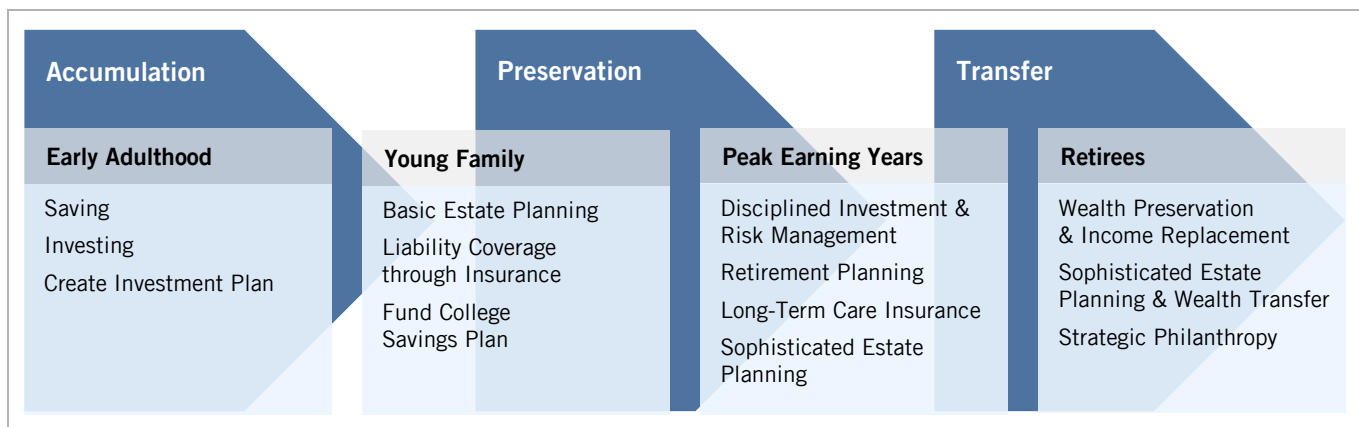
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The Importance of Family Values in Life-Cycle Planning

For many of us, the importance of life-cycle planning is a consideration that crosses generations. Many times, grandparents talk about founding family values, parents may discuss the hard work and dedication of their generation to uphold those values and younger generations will listen and try and place all of that information into the modern, digital age that they are living in today. These stories can be incredible tools to begin looking at the full balance sheet of your family’s wealth and financial outlook.

Wealthy families understand that tax and financial needs are important. To set your family and future generations up for success, these decisions and activities should not be done in a vacuum. Avoiding annual discussion and consideration of your changing lives can put you and your family at risk in the future.

Life-cycle financial planning helps to understand the dynamic nature of your family’s financial risks presented and developed in a plan that evolves over time to meet those changing needs. The stages of life-cycle planning can be seen in 3 simple phases: Accumulation, Preservation and Transfer.



The Changing World Creates Risk

The current market conditions, the evolving state of the wealth management industry and the digital global evolution of our world makes life-cycle planning even more critical than ever before. The more changes we continue to see in the marketplace, the more risk our families may face. To avoid these risks, you need to ensure you are having this important conversation with your wealth advisor.

In the beginning of any relationship, I like to discuss my client's vision for themselves and their families. Without this vision, it is nearly impossible to set their portfolios up for success. Important topics we cover include taking stock of where they are with estate planning and how they approach risk and liability. Other key questions include: Has their income changed? What type of insurance do they have in place? And how do they envision taking care of their families and passions in the years to come? Their investment portfolios can then dovetail beautifully into an actionable plan.

The key to life-cycle financial planning is that it takes a client's whole situation into account. Seamlessly blending their personal, professional and financial goals into one holistic plan. The basics of life-cycle planning can be seen in the chart below and should be referenced in conversations with your financial team.

Fundamentals of Life-Cycle Planning

Basic Estate Planning	Insurance	Investment Management	Sophisticated Estate Planning
Will Power of Attorney Health Care Proxy	Disability Umbrella Liability Life (Term, Whole Life, Permanent) Long-Term Care	Asset Allocation Asset Location Cash Flow Analysis 529 College Savings Plans Deferred Accounts Lending/Liability	LLC's Management Trusts

One Simple Conversation Can Help Avoid Risk

A client who recently had a large liquidation event hosted a holiday party for all of their friends to celebrate the new year in their newly purchased estate home. At the event a child broke their leg jumping on an in-ground trampoline. Knowing the host family was wealthy, their friends decided to sue the family for their entire net worth. The family had assumed their trust and will protected them against this type of situation, however, sadly they had not discussed liability insurance with their current wealth provider and it wiped out the entirety of their investment portfolio.

The lesson to be learned from this story is that accidents and risk can happen to anyone – regardless of net worth. Once your family begins to accumulate or simply maintain wealth, those risks can increase. Life-cycle planning is a critical and easy first step in protecting your family and ensuring success for many generations to come. My hope for 2019 is that each of you reach out to your wealth advisor today and set up a meeting for January to discuss life-cycle planning. Bring your checklist (see Foundation of Life-Cycle Planning above) and the stories shared over holiday meals. This will ensure you build a plan that your family can feel protected by and proud of for many holidays to come.

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