

## CHAPTER FOUR



# **Follow Your Financial GAPS**

(Global Asset Positioning System)

“It helps empower our clients by allowing them to see their financial life graphically presented on paper.”

### **Visualize Your Financial Landscape**

Your life is complicated enough; financial planning shouldn't be. That's one of the reasons we use a Global Asset Positioning System (GAPS) for your assets and liabilities. It's an essential tool that provides a visual perspective of your finances at any specific point in time. It helps empower our clients by allowing them to see their financial

life graphically presented on paper. Many of our clients say, “This is the first time I can easily plan for my children, and see where our income and expenses, assets and liabilities flow into and out of my life.”

Gaining such a clear view of the full scope of your financial status, in an easy-to-understand illustrative format, gives us opportunities to identify “gaps” in contributions that may not fully fund your retirement, your children’s education, or provide your family with the right type of insurance protection.

We generally work closely with your attorney and accountant to add any present or future-planned income, liabilities, or expenses, so that your GAPS can reveal any hidden weaknesses in your current and future financial landscape.

### **GAPS Helps Uncover Solutions**

We frequently fine-tune the information in your GAPS map to regularly monitor your financial progress and stay on track to help you achieve your financial advancement and goals.

As I’ve said before, I believe in simplifying your financial life for the purpose of making optimal decisions. The GAPS has worked well for many of our clients, and it also

eliminates stress and uncertainty from the financial journey.

Here are a couple of real-world examples of how the GAPS gave our clients the tools they needed, at a specific moment in time, to help them get to where they wanted to be in the future.

### **Client Examples**

Michael and Janice had a household income of about \$200,000 but they were always in debt. Their home was “upside down” and they owed about \$130,000 on their credit card debt. They wanted to set up a legacy plan for their son Teddy, but the payments on their debt was about \$4,500 per month. Needless to say, they were both living in a state of ongoing stress.

We created their personal GAPS map, with comprehensive notes, to track their financial picture every month. When I presented Michael and Janice with a full color 11” x 17” map, they were delighted. For the first time, they were able to see an accurate picture of their financial situation.

The GAPS map gave us some valuable information that we were able to act on and helped to set Michael and Janice on the road to financial freedom and growth. By working out a private life insurance policy that was worth

\$500,000—a lower price than his current group policy from his employer—Michael felt relieved that his wife would be taken care of if the life insurance was needed. With a small portion of the money saved in their current costly interest payments, I was also able to create an additional policy that would pay their son Teddy \$500,000.

The GAPS method provided additional insight into the structure of his company's 401(k) plan, which in turn allowed us to efficiently move that money and use it to pay off the high interest credit card, and receive a solid return on the balance that I invested for them.

Mason and Debbie had done very well financially. After working for a major utility company for many years, Mason decided to start his own company. They struggled financially for the first few years, but ultimately went on to earn about \$1.5 million dollars annually. When they contacted me for advice, I asked Debbie what she thought her net worth was. She said, "About two to three million dollars." When I told her, "It was more like 30 million," she was shocked. The understanding they had of their net worth was completely inaccurate.

After we built their GAPS model, they were able to see—very clearly—that their assets were not being protected. Additionally, Mason was making small investments

based on his misunderstanding of their net worth. The GAPS map also revealed that Mason would be able to invest in property and real estate at a much higher level than he thought possible and manage it far more efficiently giving the family more time and more money in the process.

The first task we undertook was to protect their lifestyle. The GAPS model showed us how much money he was paying for company life insurance, which we found to be insufficient. If we add in an automated tax return analysis system, we can build an unlimited scenario option for change and improvement. As a result, we created a well-funded asset-protected trust that could buy a life insurance policy that was proportionate to their needs. Mason and Debbie now know exactly where the family business expenditures and investments are and can quickly and confidently act on any aspect of the finances should anything happen to Mason.

Ultimately, they gravitated into a financed model, primarily because their estate grew to amounts they had not predicted. Instead of slowly allowing their life insurance to increase to cover this, they elected to buy a policy 3 times the size of their current policy, but still pay out of pocket costs that were not much more than the non-financed costs that they were quite comfortable and used to.

As you can see from the following example, the GAPS Financial Modeling System is a critical tool for high net worth individuals. It provides a distinct visual map of a family's finances, thereby empowering them to use the right tools to protect, grow, manage, and transfer their current and future assets.



**Sample: Physician - Apr 2020**  
Lead Advisor: Barry Waxler

**Household Profile**

**Personal Information (Members)**

Primary Name:	Jacob Weller	Spouse/Partner Name:	Samantha Weller
Date of Birth:	04/01/1976	Date of Birth:	04/01/77 (Estimated)
Employer/Address:	University Hospital	Employer/Address:	Congrand Inc.
Work Phone:	_____	Work Phone:	_____
Cell Phone:	_____	Cell Phone:	_____
E-mail Address:	_____	E-mail Address:	_____
Home Phone:	_____	# of Dependents:	2
Household Address:	_____		

**Financial Information**

Primary Client Income:	\$435,000	Spouse/Partner Income:	\$192,000	Household Income:	\$627,000
Retirement Assets:	\$1,301,000	Non-Retirement Assets:	\$293,000	Liquid Assets:	\$1,631,000
Liabilities:	\$655,000	Household Net Worth:	\$2,501,000		

**Insurance Information**

	# of Policies	Type(s)	Carriers	Annual Premium	Benefit
<b>Life Insurance Coverage</b>					
Primary Client	2	Term	Ohio National, Paid by employer	\$0	\$2,880,000
Partner/Spouse	2	Term, UL	New York Life, Paid by employer?	\$0	\$1,180,000
<b>Disability Coverage</b>					
Primary Client	1	Individual	MassMutual	\$0	\$12,000/mo.
Partner/Spouse	1	Individual	through work	\$0	\$3,000/mo.
<b>Long-term Care Coverage</b>					
Primary Client	_____	_____	_____	_____	_____
Partner/Spouse	_____	_____	_____	_____	_____

**Investment Experience (years)**

Banking: _____	Bond/Bond Funds: _____	Mutual Funds/Stocks: _____
Annuities: _____	IRAs/SEPs: _____	401(k): _____
Real Estate: _____	Business Interests: _____	Other: _____

**Financial Priorities**

<b>Managing Risk</b>	<b>Accumulation for Future</b>	<b>Financial Independence</b>	<b>Wealth Preservation</b>	<b>Addressing Taxes</b>
<input type="checkbox"/> Replacement Income	<input type="checkbox"/> Mortgage Fund	<input type="checkbox"/> Retirement Needs	<input type="checkbox"/> Estate Planning	<input type="checkbox"/> Tax Deferral Programs
<input type="checkbox"/> Protect Assets	<input type="checkbox"/> Educational Fund	<input type="checkbox"/> Systematic Savings	<input type="checkbox"/> Family Business	<input type="checkbox"/> Small Business
<input type="checkbox"/> Final Expenses	<input type="checkbox"/> Emergency Fund		<input type="checkbox"/> Charitable Programs	<input type="checkbox"/> Future Tax Strategies

**Household Risk Preference**

1.  Conservative    2.  Conservative/Moderate    3.  Moderate    4.  Moderate/Aggressive    5.  Aggressive

**Investment Objective**

A.  Principal Preservation    B.  Income    C.  Income and Growth    D.  Growth and Income    E.  Growth

**Investment Time Horizon**

Short (0-3 years)     Medium (3-7 years)     Long (8 or more years)

_____ Primary Signature	_____ Date	_____ Partner/Spouse Signature	_____ Date
----------------------------	---------------	-----------------------------------	---------------

*Description of Household Profile*

**Financial Fire Drills (6Ls)**

**What is the household's plan to deal with the following events?**

The following is a list of six events that commonly change the course of financial well-being. Indicate whether there is a "plan" in place for these events, there is "no plan", or it is time to "modify" or address the current plan.

	Is there a plan?	Requires Modification	Details/Notes
<b>Liquidity Needs</b> <b>Do we have sufficient access to capital?</b> A multiple of core living expenses or an amount desired to "sleep at night"	Y/N	<input type="checkbox"/>	
<b>Long-Term Disability</b> <b>Can we afford to live on a fraction of our earnings?</b> Living Expenses, Lost Retirement Savings, Education Funding, Home Modification	Y/N	<input type="checkbox"/>	
<b>Loss of Life</b> <b>What financial obligations have we made?</b> Mortgage, Credit Card, Loans, Final Expenses, Education, Emergency Res., Legacy, Lifetime Income, Transitional Income	Y/N	<input type="checkbox"/>	
<b>Long-term Care</b> <b>Does it make sense to self fund?</b> Facility Expenses, In-home care, Home Modification, Training, Coordination	Y/N	<input type="checkbox"/>	
<b>Longevity</b> <b>Do we have enough to fund our long-term spending goals?</b> Living Expenses, Education Funding, Medical Expenses, Vacation Home	Y/N	<input type="checkbox"/>	
<b>Legal, Liability &amp; Legacies</b> <b>What is our legacy?</b> Wills, Trusts, Creditors, Predators, Asset-Protection Concerns, Liability Coverages, Special Needs Dependents	Y/N	<input type="checkbox"/>	

Name: \_\_\_\_\_ Date: \_\_\_\_\_

*Description of Financial Fire Drills (6Ls)*

### Financial Inventory

#### Income

Type	Status	Interested Members	Reference Name	Income Source	Annual Amount	Date Collected	UM
Earned	Cur	Samantha Weller (43e)	VP of Marketing	Congrand Inc.	\$180,000	04/01/19	N
Earned	Cur	Jacob Weller (44e)	Anesthesiologist	University Hospital	\$380,000	04/01/19	N
Pension	Cur	Jacob Weller (44e)	Profit Sharing	University Hospital	\$55,000	04/01/19	N
Rental	Cur	Samantha Weller (43e)	Rental Income	Rental Property	\$12,000	04/01/19	N
Social Security	Exp	Samantha Weller (43e)	Social Security	at age 67	\$36,000	04/01/19	N
Social Security	Exp	Jacob Weller (44e)	Social Security	at age 67	\$36,000	04/01/19	N

#### Assets

Type	Status	Owner Members	Reference Name	Location	Value	Date Collected	UM
Retirement	Cur	Jacob Weller (44e)	Current 401(k)	Fidelity	\$780,000	04/01/19	N
Retirement	Cur	Jacob Weller (44e)	Old 403(b)	Need Statements	\$120,000	04/01/19	N
Retirement	Cur	Samantha Weller (43e)	Current 401(K)	Need Statements	\$380,000	04/01/19	N
Retirement	Cur	Samantha Weller (43e)	Rollover IRA	Rental Property	\$10,500	04/01/19	Y
Retirement	Cur	Jacob Weller (44e)	ROTH IRA	at age 67	\$10,500	04/01/19	N
Non-Retirement	Cur	Jacob Weller (44e)	Trading Account	at age 67	\$29,000	04/01/19	N
Non-Retirement	Cur	Jennifer Weller (8e)	College Funding	Jerry's 529 Plan	\$30,000	04/01/19	N
Non-Retirement	Cur	Joseph Weller (11e)	College Funding	Joe's 529 Plan	\$34,000	04/01/19	N
Non-Retirement	Cur	Joseph Weller (11e)	Savings Bonds	Mature in 2027	\$5,000	04/01/19	N
Non-Retirement	Cur	Jennifer Weller (8e)	Savings Bonds	Mature in 2029	\$5,000	04/01/19	N
Non-Retirement	Cur	Samantha Weller (43e) 50% Jacob Weller (44e) 50%	Savings	TD Bank	\$65,000	04/01/19	N
Non-Retirement	Cur	Samantha Weller (43e) 50% Jacob Weller (44e) 50%	Checking	TD Bank	\$30,000	04/01/19	N
Non-Retirement	Cur	Samantha Weller (43e) 50% Jacob Weller (44e) 50%	Taxable Brokerage	Vanguard	\$95,000	04/01/19	N
Real Estate	Cur	Samantha Weller (43e)	Rental Property	Beach House	\$550,000	04/01/19	N
Real Estate	Cur	Samantha Weller (43e) 50% Jacob Weller (44e) 50%	Home	Cherry Hill	\$975,000	04/01/19	N

#### Liabilities

Type	Status	Obligated Members	Reference Name	Lender	Debt Outstanding	Date Collected	UM
Mortgage	Cur	Samantha Weller (43e)	Mortgage to 2024	Wells Fargo	(\$75,000)	04/01/19	N
Mortgage	Cur	Samantha Weller (43e) 50% Jacob Weller (44e) 50%	Mortgage to 2032	Wells Fargo - 4%	(\$580,000)	04/01/19	N

#### Insurance

Type	Status	Obligated Members	Reference Name	Insurance Provider	Benefit Amount	Date Collected	UM
Universal Life	Cur	Samantha Weller (43e)	Universal Life	New York Life	\$1,000,000	04/01/19	N

### Description of Financial Inventory



## Chapter in Review

### 1. Visualize Your Financial Landscape

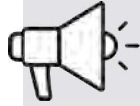
Your life is complicated enough; financial planning shouldn't be. That's one of the reasons we use a Global Asset Positioning System (GAPS) for your assets and liabilities. This helps to gain a defined vision of your financial status in a clear graphical format. It gives us opportunities to identify “gaps” in retirement, your children's education, or in providing your family with the right type of insurance protection.

### 2. Hidden Weaknesses in Your Financial Landscape

We generally work closely with your attorney and accountant to add any present or future-planned income, liabilities, or expenses, so that your GAPS can reveal any hidden weaknesses in your current and future financial landscape.

### **3. GAPS Helps Uncover Solutions**

We frequently fine-tune the information in your GAPS Map to regularly monitor your financial progress and stay on track to help you achieve your financial advancement and goals.



## Call to Action Solution

As the saying goes, “A picture tells a thousand words.” In the case of estate planning, the right picture can do wonders for legacy protection and the transfer of family wealth. When a client comes to me with specific financial goals in mind, I believe in taking a holistic, evidence-based approach to financial planning and wealth management, and we use the latest tools and technology to stay on track to reach those goals.

Contact our office so that we may show you how the GAPS Financial Modeling System can work strategically throughout different stages of life. It’s a dynamic system that provides for current and legacy planning, and it’s an ideal way to begin to *Stop Bleeding Cash*.