NAVIGATING THE UNIQUE FINANCIAL NEEDS OF WOMEN TODAY

SMART STEPS FOR WOMEN AND THEIR WEALTH

RESOURCE SECTION FOR NEWLY DIVORCED AND WIDOWED WOMEN

Christi Staib, MBA

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INTRODUCTION

MY STORY

Affluent women like you should be proud of their achievements. The road you have traveled to get to where you are today has not always been easy. However, you have overcome challenges, created possibilities for yourself, and made the most of opportunities when they arose.

Despite your accomplishments, you know you've still got more—maybe a lot more—to achieve. (Don't we always?) You need to ensure that you do what it takes to grow, maintain, and protect the wealth that you have worked so hard to build. Let's be honest: You will almost certainly face new challenges, new life transitions, and new opportunities going forward. The decisions you make during these key moments will have a huge impact on the quality of life that you and those you care about most will get to enjoy for years to come.

Your mission is clear: You need to keep making smart choices about the wealth you have today so that it can help you accomplish all you want in life, now and in the future. To make that happen, you need a comprehensive strategy. You need to manage all aspects of your wealth with a strategy that takes into account each piece of your financial life, creating a coordinated plan. This ensures your wealth is perfectly aligned with your core values and most meaningful goals.

That is what this book is all about. It is designed to give you the tools you need to identify your goals and position your wealth in order to turn your vision—for yourself, for your family, and for your community—into reality.

My Path to Helping Women

I have made it my life's work to help affluent women and their families get the most from their wealth so they can achieve all that is most important to them. I am a successful entrepreneur who essentially came from nothing. I am also a widow who lost my spouse without warning. So I know full well the many struggles and hardships that life can throw at us. I also know the role that a healthy financial picture can play in helping navigate through those difficult moments.

My own journey to helping women make smart choices about their wealth began in the mountains of Colorado, where I lived with my mother and stepfather. We were poor and had to grow our own vegetables and hunt for much of our meat. I'll never forget when I was a young girl and the plumbing went out in the house—right in the middle of winter. Of course, sometime during the week that it took for the plumbing to get fixed, I needed to use the bathroom at three o'clock in the morning. There was just one option: the dreaded outhouse!

My skin instantly turned to goose bumps when I opened the back door and was greeted by a large amount of fresh new snow on the ground. With numbing fingers, I put on my robe and boots. When I stepped out into the yard, the snow trickled down over the top of my boots, freezing my toes.

As the tears came down my cheeks and my breath froze in the air, I made a decision that would shape the course of my life: *I would study how other people in the world have earned and saved enough money so that they didn't have to live like this.*

And that is just what I did. I started reading books to learn the basics of finance and how to grow and protect what you earn. Books like *The Richest Man in Babylon*, *Think and Grow Rich,* and *How to Win Friends and Influence People* helped set me on a path to learning, growth, and prosperity.

As I got older, I began interviewing wealthy people about their habits and methods for making money. I spoke to smart investors, successful business owners, and other high achievers. From them, I learned the importance of hard work and focus in the pursuit of goals. I learned that it is possible to come from nothing and build both personal and business wealth. I continued to interview successful people throughout my college years whenever I had the chance.

Tragedy Leads to Inspiration

After college, I happily joined the workforce as a phone system and software salesperson. Because of the financial and investing knowledge I had built up through my efforts, I found that I was always helping my fellow employees with their 401(k)s and other retirement savings responsibilities. I rose into management positions and was recruited by ever-bigger up-and-coming companies.

Along the way, I met a wonderful man named Rick and we started dating. Rick and I were such a good fit! We had so much fun traveling, golfing, and laughing with each other that we decided to get married. We were often teased about how much in love we were.

That happiness wouldn't last forever. Only nine months after our wedding, on a scuba diving trip, Rick indicated he was having some problems and started to go to the surface. The dive master did the very best that he could to get to my husband and help him. But on that day, Rick drowned.

My life was instantly turned upside down. It was difficult for me to go to work or to even write a simple check. I just couldn't figure out how to function. Eventually I went to counseling groups for widows. As I moved through the grieving process, I found that I was helping the widows and widowers in my groups with their newfound financial predicaments. Again and again, the grieving widows and widowers told me what a big difference I was making in their lives because of my financial knowledge. The widows and widowers gave me heartfelt thank-yous, and it warmed my heart to know I was making a positive difference in their lives.

It was then that I made the next great commitment in my life: I would become a professional financial advisor in order to help as many women as I could to navigate—and eventually overcome—the financial difficulties that accompany death and divorce.

For ten years, I worked my way up the ladder at a prestigious Wall Street firm. I learned a great deal about Wealth Management and Advanced Planning. However, I also saw how the firm's top brass put their own profits and needs ahead of the needs of their clients.

As someone who wanted to act as a true advocate for my clients and do right by them, I was devastated by this attitude. Consequently in 2010, I struck out on my own and created Staib Wealth Management, later to become d/b/a Silver Sail Wealth Advisors®, an independent firm in Plano, Texas. At Silver Sail Wealth Advisors®, we have a simple philosophy: to help investors make smart financial decisions by always acting in their best interests and "sitting on the same side of the table" with them. Today I have clients from all over the world, and I make sure to put their needs first and to act with the utmost integrity at every step.

What You May Glean from Reading This Book

As a woman with wealth, you have many "moving parts" to manage and coordinate. You may own a company, land, and oil and gas rights, along with more traditional assets such as stocks and bonds. You may have a large family for which you care deeply and for which you want the best. And you may want to give some of your time or your treasure to your favorite charities (or even start your own foundation to maximize your philanthropy). And certainly, if you have lost a spouse, you face an enormous amount of financial uncertainty, as well as grief and other emotions, that require time and patience to work through.

These complexities require a process for managing wealth that helps provide much-needed clarity—a process that coordinates all of these moving parts to ensure that they are working in concert with each other.

This way you can create the ideal financial outcomes for yourself and your family.

This book details just such a process. It is designed to help you identify your most important goals and values so that you can position your wealth to help you achieve all that is truly most important to you. In the pages that follow, we'll address key investment concerns, such as building the optimal portfolio to grow your assets. We'll also go well beyond the investment portfolio to encompass the protection, enhancement, transfer, and charitable gifting of your wealth. These vital areas need to be managed together so that decisions made in one area complement (and don't hinder) the efforts made in any others.

I firmly believe that you will achieve great financial success and enjoy profound peace of mind by using the consultative Wealth Management process detailed in this book. Indeed, as a wealth manager, I use this process every day to help my clients realize their personal, professional, and financial dreams.

Ultimately, I care deeply about helping affluent women and their families with their wealth so they can obtain the peace of mind they need to do the things that they love—like being with their families, working on their businesses, helping charities, and retiring on their own terms. Wealth Management is the best approach I know to help make all that happen.

What are some of the unique financial and social needs for women today? I invite you to flip (or click) to the next chapter to find out. Later you'll also learn how Wealth Management will enable you to create and enjoy a life of deep fulfillment, comfort, and security.

CHAPTER 1

ADDRESSING YOUR CHALLENGES AS A FEMALE BUSINESS OWNER

As female entrepreneurs, we are in good company. It's estimated that there are nearly 9.1 million women-owned enterprises in the U.S.[1] What's more, your efforts are having a powerful impact. Women-owned businesses as a group employ nearly 7.9 million workers and annually generate more than $1.4 trillion in revenues.[2]

Here's another encouraging fact: Texas is among the ten states with the fastest growth in the number, employment, and revenue of women-owned firms since

[1] http://www.womenable.com/content/userfiles/2014_State_of_Women-owned_Businesses_public.pdf

[2] *Ibid.*

1997. In our state alone, the number of women-owned businesses now stands at 756,700—up 98 percent during the past seventeen years.[3]

"It may be a generational thing, but women are now accepting wealth as a good thing, and that it's okay to want it and to make things happen with it," notes Allen, Texas-based Tamara Jones, a partner at B2B CFO, which helps owners of privately held businesses grow and realize their value. "Not long ago the wife was not to be more successful than the husband. Now it's perfectly fine."

Of course, these are just numbers. Great as they are, they don't reveal the struggles we face every day as we seek to grow our companies, maximize our success and live a great life. Let's face it: Being an entrepreneur is tough. It demands a wide range of skills that we must develop and hone over the course of our lifetimes. At the same time, we also need the discipline to know when it's time to ask for help. When it comes to our financial security and that of our loved ones, we don't want to be do-it-yourselfers.

One of the most important skills we need is the ability to recognize the specific financial challenges in front of us. If we aren't clear about potential money pitfalls, we risk falling into a deep hole. Only after we can see our financial situation clearly, accurately, and honestly can

[3] *Ibid.*

we develop and implement the right strategies and solutions.

The upshot: By recognizing the key financial issues we face, we put ourselves in the best possible position to take these three important steps:

1. Make intelligent decisions about our businesses and our wealth
2. Create a plan that addresses these challenges in a coordinated manner
3. Achieve the personal and professional successes that we envision for ourselves and our families

The 7 Key Financial Challenges of Female Business Owners

After decades of working for others, I became an entrepreneur in 2010. I have worked in depth with female senior executives and entrepreneurs. In addition, I have conducted extensive interviews and research with women CEOs, CFOs, CPAs, business brokers, business attorneys, entrepreneurs, venture capitalists, and angel investors.

A combination of my direct experience and insights from top professionals reveals that women business owners (and would-be business owners) face seven main challenges on their path to financial success, comfort and freedom.

Here is a list of the challenges. I'll explain them later in this chapter, and the rest of the book will help you get the skills you need to rise up to and conquer these challenges. As you review this list, think about your own situation. Chances are, you share some (and perhaps all) of these concerns in your life:

1. Getting the capital you need to grow
2. Negotiating effectively
3. Accessing the professional and networking support you need to thrive
4. Balancing family and career
5. Saving, spending, and budgeting wisely
6. Assessing risk accurately
7. Being an effective leader

Challenge #1: Getting the Capital You Need to Grow

When you own assets like land or a building, there's typically a 39-year depreciation schedule on those assets. That means the value of the assets falls steadily over a 39-year period. However, there are strategies that can depreciate those assets much faster—over, say, a five-year period. By depreciating assets more rapidly, business owners can pay significantly less in taxes than they would if they were stuck with a 39-year schedule. The upshot: The right understanding of financial accounting principles can help you preserve and protect your wealth by mitigating your taxes—potentially by millions of dollars. To achieve this result, however, you need to know how it all works.

Traditionally, and especially in the South, women have few (if any) significant assets in their names. The purchase and ownership of cars, homes, other real estate, and so on have by and large been handled by the men in their lives.

The problem: When a woman wants access to capital in order to start or expand a business, she has few assets to leverage beyond a savings account. And the fact is, most banks won't loan money without some kind of collateral or at least three years' worth of revenue from a viable business. At that point, women business owners find themselves unable to take advantage of opportunities that could boost their success (such as expansion or acquisition).

The lack of asset ownership throughout their lives also puts women entrepreneurs at a disadvantage when it comes to navigating the ins and outs of financial accounting practices. As a result, women can find themselves lacking the capital they need to grow, as well as facing other issues—such as losing significant amounts of wealth to high taxes (see the sidebar for an example).

Challenge #2: Negotiating Effectively

As with the lack of access to capital, this challenge results largely from the fact that other people have taken the reins for women when making big purchases like cars and homes. Think back to your first car purchase. Chances are, your father handled the bargaining for you at the dealership. And most likely, your husband worked with the mortgage broker and agent to get the right price on your house.

This approach is so common, in fact, that many women don't even recognize it as a challenge. If your father's efforts helped knock several thousand dollars off the price of your car and you paid less each month, what's the big deal? Isn't that a "win"?

The trouble is, women who lack experience with financial matters often struggle to negotiate well on important issues—and end up in poorer financial health than if they knew how to play the negotiation game.

This is an issue facing all working women, not just those who own businesses. For example, I have counseled professional women in their negotiations with their employers to help them receive better benefits and severance packages as well as higher salaries. In some cases, the women did not realize they could negotiate better terms, and in others, they did not know where to begin.

That said, the need for effective negotiating skills becomes paramount when running your own company. Business owners can be told no a lot, and the ability to navigate through rejection without taking it personally—and to turn no into yes whenever possible—is a key part of entrepreneurial success.

Indeed, negotiation plays a pivotal role throughout an entrepreneur's entire life cycle:

- **Budding entrepreneurs** need to negotiate well so that suppliers and others do not take advantage of them in the early stages—and never get off the ground.
- **More established business owners** who want to expand and grow often must negotiate to secure new physical space to meet rising demand. They also need to be able to operate from a position of

strength with employees and team members about salaries, benefits, and other terms of employment.

- **Late-stage entrepreneurs** often need to negotiate the sale of their business to a key employee or partner. Tools like buy-sell agreements are complex, and they require savvy negotiation skills and patience to ensure that business owners don't leave money on the table that could otherwise greatly benefit their financial health. (One of my clients was so disheartened by a delay in the sale of a property that she almost quit partway through the process. She could have lost the sale and the capital she needed to reach the next step in her life.)

Mariann Montgomery, a business intermediary with Murphy Business & Financial in Dallas, Texas, who helps small and midsize businesses boost performance and plan for the future, sums it up nicely:

> "Women don't know how to value their services or to ask for the business. They end up giving away or discounting when they really don't need to."

Challenge #3: Accessing the Professional and Networking Support You Need to Thrive

I see a distinct "networking gap" between male and female business owners. Historically, male entrepreneurs are good networkers. They establish networks of friends, associates, and peers through a variety of channels such as postsecondary education, lifelong friendships forged from sports teams they played on, and professional groups and associations to which they belong.

These networking outlets provide significant benefits to their businesses. For example, they can serve as great ways to identify high-quality candidates to manage key functions and departments such as finance, marketing, sales, inventory, quality control, and human resources. Likewise, networking outlets allow entrepreneurs to gather together in casual settings like golf courses where business opportunities and advice are traded and deals are struck.

In contrast, women business owners tend not to spend nearly as much time networking together as a group. They don't "hang out" with their peers as much as men do, but rather they tend to work and then go home to take care of their families. There are also significantly fewer avenues for women to get together as business owners. They just don't have the easy access to help, support, and talent that many male entrepreneurs take for granted. As a result, women struggle to find the resources they need for their businesses to truly excel.

Women often attempt to do everything themselves. Indeed, Montgomery reports, "Many women work *in* the business, not *on* the business. They will do all the daily work (e.g., bookkeeping and answering phones), and everything has to go through them. That impedes growth, the added value that others bring, and their lifestyle!"

Again, you don't want to be a do-it-yourselfer for every aspect of your business and your personal life. By shouldering most or all of the company's responsibilities, you incur a great deal of stress. Worse, you are at a greater risk of failing by trying to "do it all and be it all" instead of hiring great talent, delegating duties, and focusing on the things you do best.

This challenge is starting to diminish, especially in major metropolitan areas like Dallas. Female entrepreneur networking groups and events are on the rise. "There is more support in the recent decade for women by women, as there are more mentors available now," says Elizabeth Basden, principal of The Basic Elements, a project management consulting firm for businesses in the Dallas/Fort Worth area. However, most women business owners still report difficulties finding the support and resources they require to thrive.

Challenge #4: Balancing Family and Career

Typically, women are the caregivers in their families, helping both their children and (increasingly) their aging parents. Obviously, this situation leaves them with less time and energy to devote to activities (such as the aforementioned networking) designed to help them build and grow their businesses.

This also is starting to change. According to Andrea Bednar, a business leadership expert and CEO of PoP Associates in Dallas/Fort Worth, "Women are starting to make their own opportunities and not wait for permission or when 'the time is right with family.' They are able to hire help for family duties and not be judged as a bad mother or wife for doing so. They can get more done with and through others."

Challenge #5: How to Save, Spend and Save Wisely.

Business owners who can't budget well usually lose their businesses or have to sell them at a loss, often within the first five years. Budgeting is a challenge shared by both men and women entrepreneurs. That said, women often struggle more with budgeting—once again, due to their relative lack of experience in dealing with financial matters throughout much of their lives.

In particular, the problem of "backward budgeting" is all too commonplace. Backward budgeting happens when a business owner buys lots of equipment or inventory, leases or buys a physical space, and hires some employees *before* properly assessing issues such as revenue projections and customer demand for the company's products and services. Instead of estimating revenues and then making decisions to support that incoming cash, a backward budgeter spends first and asks questions later. The result, typically, is that expenses far exceed revenues—and the business struggles or even fails.

Challenge #6: Assessing Risk Accurately

Risk and risk-taking present unique challenges for women, who may hesitate to use their savings to start or grow a business. Women tend to prefer to keep their money secure so they know it will be there for their children or parents. As a result, most women tend to remain employees of companies instead of starting their own ventures.

That said, risk assessment is a challenge even for those who have taken the first step and become entrepreneurs. There are numerous moments in a business owner's life cycle when she is faced with hard choices about her company. Maybe there is a risk to her current success that requires bold action (such as changing an entire product line), or perhaps there is an opportunity that could catapult the company to the next level of success (such as buying a competitor). At such moments, the natural aversion to risk that many women have can "kick in," causing them to misread the situation and make the wrong business decision. The end result: missed opportunities to thrive even more or to make moves that would have helped them maintain their success.

Challenge #7: Being an Effective Leader

Many women have doubts about their ability to lead teams and steer companies—even those who are already in leadership roles and positions of power. The confidence to lead is a trait that is not always encouraged in women throughout their lives, which can cause them to question their leadership effectiveness.

Among interactions that men have with each other, there are usually winners and losers. In my experience, however, women tend to be more collaborative. Collaboration can be an extremely effective way to work with others around you, of course. No one likes a dictator in (or out of) the office. That said, collaboration does not always foster the sense of confidence and decisiveness that is needed to run a business effectively. In an overly collaborative environment, the tough decisions might not be made, and the team may view the organization's leadership as weak. It stands to reason, then, that women often find it difficult to strike the right balance between a "my way or the highway" approach and a more open and opinion-seeking management style.

Developing Your Response to These Challenges

Your response to these challenges will play a huge role in the ultimate success of your business, as well as the level of financial security and comfort you enjoy in your life.

The framework for financial decision-making that begins in Chapter 3, “Wealth Management: An Overview,” will help set you on the path to a comprehensive plan for managing the full spectrum of your wealth.

Remember, all of the key areas of your financial life are tied together in ways both large and small. Plotting out strategies for just one area at the expense of the others is a recipe for financial failure. To be most effective, you need to deal with each area systematically while taking an integrated approach to your overall financial picture.

If, like me, you are a widow or divorcée, I strongly encourage you to read the next chapter. It details the unique financial challenges faced by women who have lost their spouses to death or divorce and the issues they must address to achieve financial security and peace of mind. If you are not a widow or divorcée, please proceed to Chapter 3 so you can begin to discover how to coordinate your financial decisions for maximum impact.

CHAPTER 2

FINANCIAL CHALLENGES FACED BY WIDOWS AND DIVORCÉES

Let's face it: no one enjoys talking about death and divorce. However, they're part of adult life and not likely to change despite continued gains in life expectancy and stabilization of divorce rates.

Even if you are happily married (or soon to be), death and divorce can have profound implications on your psyche, family dynamics, and finances. You and your spouse need to be prepared for these life shocks well before they happen. In addition, if you are currently widowed or divorced, there are important steps you can take to maximize your financial independence and joy of life.

The goal of this chapter is to help widows and divorcées understand their biggest financial challenges as they try to make smart decisions about their wealth during this emotionally charged stage of their lives.

The Death and Divorce Landscape in the U.S.

According to the United States Census Bureau, the overall national rates of marital events for women in any given year are 17.6 marriages, 9.7 divorces, and 7.8 instances of widowhood for every 1,000 women over the age of 18. For men those rates are 19.1 marriages, 9.2 divorces and 3.5 instances of widowerhood per 1,000.

The variations between men and women are driven by several factors. Women tend to live longer than men. Women also tend to marry older men. Consequently, widowhood rates are higher than widowerhood rates. Data also shows that men tend to remarry more often than women, and marriage rates for men are higher than for women.

Among women who get divorced in a given year, 14 percent are over the age of 55, and among women who become widows in a given year, 84 percent are over the age of 55.

And the statistics become more unsettling over time. As the table below shows, if you're a woman in your forties, fifties, or sixties, there's about a one in three chance that you've been divorced at least once in your life and a one in six chance that you are currently divorced. By the time you reach your seventies, your probability of divorce goes down substantially, but your likelihood of being widowed jumps to roughly one in two.

Marital Events for Americans 40 and Over, by Age and Gender

Age 40-49 | Age 50-59 | Age 60-69 | Age 70+

	Men	Women	Men	Women	Men	Women	Men	Women
Ever Widowed	1.3%	2.6%	2.5%	6.5%	6.4%	17.0%	22.6%	51.2%
Currently Widowed	0.9%	1.8%	1.6%	4.9%	3.9%	13.9%	17.4%	48.3%
Ever Divorced	28.5%	31.0%	35.7%	37.3%	36.5%	34.5%	23.4%	21.4%
Currently Divorced	14.2%	16.4%	15.5%	18.6%	12.4%	16.0%	7.2%	9.9%

Source: U.S. Census Bureau Survey of Income and Program Participation (SIPP)

The Key Areas of Concern for Widows and Divorcées

As I mentioned in my introduction, I know firsthand about the pain, shock, and sense of powerlessness that one feels after losing one's spouse. Only nine months into my first marriage, my husband, Rick, died unexpectedly while we were scuba diving.

My life instantly turned upside down. I couldn't figure out how to function. Many of you are hard-charging entrepreneurs like me. It's natural to feel that you can power through any of life's setbacks and do it primarily on your own. But when it comes to being widowed or divorced, trust me: asking for and getting help will make a markedly positive difference for you and your loved ones.

My own experiences, combined with discussions I've had with top professionals, bring me to the conclusion that widows and divorcées face similar challenges on their paths to financial success, comfort, and freedom. As you review this list of challenges, think about your own situation. Chances are, you share some (and perhaps all) of the five concerns below.

Challenge #1: Budgeting

Whether or not they were the primary income earners of their households, widows and divorcées need to do new budgeting for their households. They have to sit down with someone they trust—someone who excels at budgeting and financial planning. Many very intelligent women don't have a firm grasp of economics and finance. Why? They haven't had to learn it before or they didn't get a sound financial education earlier in their lives. For that reason, they may be afraid of budgeting and financial planning, even though they know these things are important. I hope to help you remove that fear.

Too often, widows and divorcées engage in what I call "**backward budgeting.**" That's where you spend first and then save what's left over (e.g., find a home or apartment first and then the car of your choice, and enjoy eating out and buying the clothes you want to wear—then you find out what you have left [if anything] to save). The smarter approach is first to calculate how much you need to save and invest in order to have enough money saved for retirement (or severe disability that prevents you from working). Only ***then*** should you spend what's left on your housing, transportation, food, and clothing needs. By first determining how much you need to save each month, you start with the right motivation. By planning the end of the journey from the beginning, you start to see those big-picture goals, and it helps you work toward the things that really matter. By doing this type of budgeting, you and your loved ones are better prepared for the ongoing challenges and joys of life.

Challenge #2: Beneficiary Designations on All Accounts and Assets

Most widows and divorcées assume they are authorized to access the funds in their spouse's financial accounts. However, all too often they discover after a divorce or their spouse's death that they cannot access those funds.

This problem occurs when beneficiary designations have not been updated in a timely fashion. A beneficiary is a person or legal entity that is a recipient of the proceeds from an estate, trust, retirement account, life insurance policy, or transfer on death account. What many people don't realize is that the beneficiaries who are named on insurance policies and retirement accounts generally override the instructions in wills pertaining to who gets the assets. The upshot: A financial account with an incorrectly named beneficiary can have money go to an ex-spouse or even to a deceased person. It could also mean that children (who were born after the accounts were established or insurance policy purchased) who have not been added as beneficiaries will not inherit any of the funds you intended them to have.

Another very important beneficiary precaution is either not to name a trust as an IRA beneficiary or to ensure that the trust document wording is such that the IRA can pay its required minimum distributions based on the age of a human beneficiary of the trust. Otherwise, your loved ones or charitable beneficiary could be hit with a big tax bill.

Real-world Example

Let's say a mom who wanted to help her children get the most out of her $1 million IRA didn't have the correct wording within the trust document that she named as the IRA beneficiary. Since the trust has no age, a required minimum distribution can't be calculated. Therefore, the entire IRA must be distributed to the trust. In that moment, $1 million became income to the trust. Therefore, instead of inheriting $1 million, the kids received about $520,000 after federal income tax (or even less if subject to the Affordable Care Act trust income tax rates).

That's why it is so important to file and keep your beneficiary designations up-to-date. By periodically reviewing your beneficiary designations on your benefit plans, personal insurance plans, and other financial accounts, you can rest assured that your assets will be distributed according to your wishes.

Challenge #3: Estate Planning

A major concern for widows and divorcées is transferring assets to loved ones. A significant emotional and financial hardship may occur when a widow does not have access to any funds because the assets were not titled correctly. Without proper estate planning strategies **already** in place, you can find yourself unable to access certain assets, such as bank accounts and brokerage accounts, that you thought were coming your way. You might also find yourself facing a large estate tax bill from the government (see example above)—right when you are grieving and not in a clear enough mental state to fully understand confusing rules about taxation.

These and related issues make estate planning one of the most important aspects of your lifelong wealth accumulation, wealth protection, and wealth transfer plan. But navigating the complexity of wills and trusts (and their many iterations) is not something that most of us want to do by ourselves—especially when we are dealing with so many other issues related to death or divorce. Wills and trusts each offer their own unique advantages (and disadvantages), which we'll discuss in more detail later in this book.

What's more, estate planning is not a one-time event that you can "set and forget." It's something that must be reviewed every three to five years, since life never stops changing. In the wake of death or divorce, new issues tend to arise that can require you to reexamine your assets and how best to structure them for estate planning purposes. Eventually, you must decide how you want to distribute any assets that have passed to you.

Challenge #4: Re-titling Assets and Going through Probate after Death of a Spouse

Some states, including Texas, require probate to get your late spouse's name off the deed to your home, car, or other jointly held assets. Sometimes a death certificate will allow a title to be changed. I urge you to ask a professional to help you through this process. It will be much faster, easier, and less stressful for you.

Otherwise, you may have to go through probate—a legal process that takes place after someone dies. The process includes:

- Proving in court that a deceased person's will is valid (usually a routine matter)
- Identifying and inventorying the deceased person's property
- Having all of the deceased's property appraised
- Paying debts and taxes
- Distributing the remaining property as the will (or state law, if there's no will) directs

A widow's probate to-do list can be lengthy. Some important things to consider include:

- Contacting Social Security
- Contacting life insurance companies
- Contacting a probate attorney
- Contacting banks
- Researching all bills and utilities and either changing the account holder name or canceling the account
- Checking with the spouse's employer
- Canceling any renewing memberships as necessary
- Making changes to emergency contact information where appropriate

Typically, probate involves dealing with lots of paperwork and court appearances by lawyers. The lawyers and court fees are paid from estate property, which would otherwise go to the people who inherit the deceased person's property.

Probate also presents challenges because it can take six to twelve months from start to finish. During that time, assets that you might want, or need access to, can be tied up and unavailable to you. For example, it might take some time for your oil and mineral rights to be appraised.

Another example: When your spouse dies, you might think you're doing the right thing by notifying your bank and other financial institutions about his passing. But once the bank has been notified of a death, it will freeze any assets you held jointly—unless there is JTWROS (joint tenancy with right of survivorship) paperwork in place.

Obviously, it's important to have easily accessible assets in place during the probate process. That will ensure that you have the money you need to live your life and pay your bills. Smart cash flow strategies are a must.

Also consider the possibility of the financial markets becoming highly volatile or moving in a downward direction while you are waiting for the probate court to complete its tasks. Your financial institution may not sell or trade in your account (if it was a plain joint account) until probate has instructions for them. By that time, your brokerage account could have lost 30 to 40 percent of its value if we were to experience a repeat of the global financial crisis of 2007–2008.

Challenge #5: Dealing with Emotions after Death or Divorce

The strong emotions that accompany the death of a spouse (or divorce from a spouse) are unlike anything you may have ever felt before. Shortly after losing my first husband, Rick, I was standing in line at the bank with a life insurance check in my hand. It felt wrong somehow. I wanted Rick back. I didn't want the insurance money. But thanks to the widows support group I joined, I learned it was normal to feel the way I did and that there was nothing wrong with depositing the life insurance money. Still, my emotions made it difficult for me to think clearly.

When you're grieving or in any heightened emotional state, it's very easy to rush into important financial decisions such as selling your house, cashing out stocks, etc. And with money, any decisions driven by emotion can prove extremely costly.

I have an acquaintance who sold her house within months of her husband's death. She so badly wanted to move away that she didn't care that the buyers were taking advantage of her. Years later, she wished she had taken the time to sell her home properly and get the true value of the property.

Reckless philanthropy is one common area in which emotions can overtake logic and create problems down the road. It's very common for divorcées and widows to adopt the attitude of "I don't care anymore; I'll just give my money away." Of course, that kind of thinking will quickly derail your long-term retirement and estate planning goals. It will also alienate your heirs; invite overzealous grant officers to prey on you; and shortchange many deserving causes that could benefit from a smart, long-term giving commitment.

A couple of women in the widows group I attended started buying things from a TV show that's on the air all day and all night. The show's marketing is brilliant and the hosts will even talk to the buyer live during the show. For a grieving widow, it's like having an instant friend, and for many who are cocooning in their homes, watching the show is an easily formed habit that is extremely difficult to break. My new friends were spending tens and hundreds of thousands of dollars as a self-nurturing activity.

Another woman started giving to her favorite charities and ended up giving most of her retirement savings away, in hopes of alleviating or eliminating the negative feelings of loss due to the positive feelings of giving and making a difference in the world. She then had to deal with downsizing and living on a new, lower budget. She shared with me that she wished she would have thought ahead and budgeted more wisely.

In a charged environment, it's vital to surround yourself with people you trust—friends, family, and honest professionals—to help guide you and help you think clearly. Counseling and widow/divorcée groups are other key allies to help overcome the challenge of sorting through your emotions. It can be difficult to ask for help, especially when we most need it. After Rick passed away, I thought I could do it all myself—tough it out. Remember that asking for help does not mean you're being a burden on someone who cares about you. In fact, the people around you want to help. That realization was a huge gift "wrapped up in a bow" for me.

Conclusion

Once you recognize your new financial and emotional challenges, you can begin to address them in a coordinated manner. The next chapter will provide an overview of our consultative Wealth Management process. This is the ideal framework for making integrated financial decisions about your entire financial situation. With this framework in place, you will find yourself able to make the smartest possible decisions about your wealth, and position yourself to achieve the goals that are most important to you and to the people you care about most in your life.

CHAPTER 3

WEALTH MANAGEMENT: AN OVERVIEW

You have now identified many of the key challenges that you and your family must address on your journey to financial success and freedom. Let's be honest: It will take some hard work, discipline, and smart thinking to overcome and solve those challenges. A lifetime of financial peace of mind is worth the time and effort it will take to prepare.

The good news: you don't have to do it yourself. That may be difficult to embrace for some of you with entrepreneurial backgrounds or those of you who come from self-made families. But you have help that can close the gap between where you are today and the future you foresee for yourself and your family.

That help is a process called Wealth Management.

Wealth Management means having *all* of your financial challenges *solved* and your *entire* financial situation *enhanced*. It goes beyond traditional investment solutions to encompass a wide variety of financial needs that you have throughout the many and varied phases of your life. It empowers you to organize and manage your wealth so that all the components of your financial life work together toward one purpose—achieving the goals you most want for yourself, your family, and your community.

"Wealth Management" Defined

The term "Wealth Management" is one you are likely to hear time and again as you seek good advice about your financial challenges and opportunities.

But as you will come to see, just because people say they provide Wealth Management doesn't mean they offer and successfully execute the full breadth of complicated steps to completely help you and your family. Many in the financial services industry today call themselves wealth managers but provide little more than the standard investment management service that everyone does.

Essentially, Wealth Management is designed to solve affluent investors' full range of challenges on an ongoing, long-term basis and coordinate all of the various aspects of wealth that you must address to build a meaningful life.

Wealth Management accomplishes this in three ways:

1. **Using a consultative process** to gain a detailed understanding of your deepest values and goals and your most important financial wants and needs. A consultative approach allows a wealth manager to uncover your true financial needs and goals, to craft a long-range Wealth Management plan that will meet those needs and goals, and to build an ongoing relationship with you that ensures that your needs continue to be met as they change over time.
2. **Using customized solutions** designed to fit your unique needs and goals beyond simply investments. The range of interrelated financial services and tools might include, for example, investment management, insurance, estate planning, business planning, charitable gifting, and wealth protection.
3. **Implementing these customized solutions** in close consultation with your other professional advisors. Wealth Management enables you (and your professional wealth manager, if you work with one) to coordinate efforts closely with other trusted advisors (as desired) on an ongoing basis to identify your specific needs and design custom solutions to help meet those needs.

The Three Key Components of True Wealth Management

Wealth Management consists of three key components, summed up in the following formula that specifically addresses and solves the most pressing financial challenges you may face:

> *Wealth Management (WM) = Investment Consulting (IC) + Advanced Planning (AP) + Relationship Management (RM)*

1. **Investment Consulting (IC)** - This deals with the top concern of successful individuals and couples: always making smart decisions about their finances. Investment Consulting positions your financial assets to achieve your goals, return objectives, time horizons, and risk tolerance. It is the foundation upon which a truly comprehensive Wealth Management solution is created. It is through Investment Consulting that you will address what is likely to be your most pressing financial concern: wealth preservation. The key investment planning concepts that you can use to guide the management of your investment portfolios will be explored in Chapter 4.

2. **Advanced Planning (AP)** - This component addresses a broad range of important financial needs *beyond* investments in four key areas:

a. *Wealth enhancement*—preserving wealth by, among other things, lessening the impact of taxes on your bottom line
b. *Wealth transfer*—planning and implementing how your wealth can best support children, grandchildren, and other family members or loved ones
c. *Wealth protection*—protecting the wealth you have grown by safeguarding it from creditors, lawsuits, and other parties that could seek to unjustly take your assets
d. *Charitable giving*—leveraging wealth to magnify the impact it can have on society at large, and planning in such a way that Uncle Sam receives less or nothing while the charity receives more or all of your gift

These non-investment-related concerns are hugely important to your long-term financial success. Yet they are often overlooked or viewed (incorrectly) as secondary concerns by many financial professionals. Indeed, research indicates that a mere 6 percent of financial advisors deal with their clients' Advanced Planning issues. Therefore, very few people address these four concerns in any systematic, comprehensive manner. For these reasons, we will discuss the four main areas of Advanced Planning in detail in Chapter 5.

3. **Relationship Management (RM)** is the third and final component. It involves meeting your investment and Advanced Planning needs over time by assembling and working with a network of financial experts (who may include attorneys, accountants, and insurance specialists) in a coordinated manner. Relationship Management is a key part of building and maintaining a successful Wealth Management plan. It provides you with the full range of experts you need to address the complexities of your wealth, and it coordinates the efforts of those experts so all your strategies work in concert with each other for optimal outcomes. We will review Relationship Management more closely in Chapter 6.

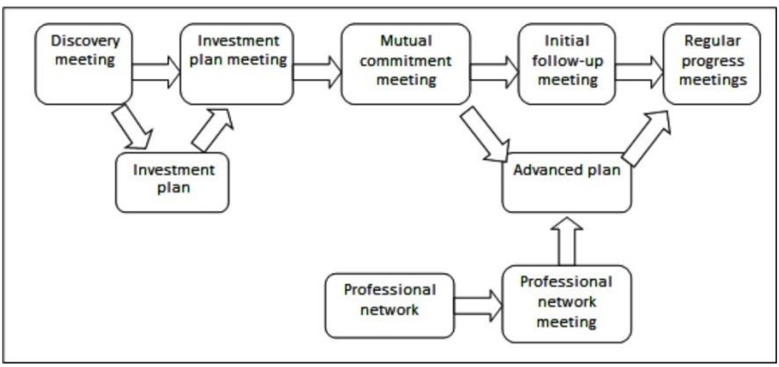
Be aware that to realize these and other powerful benefits, you must bring true Wealth Management resources and capabilities to bear on your financial life. As you can see, the Wealth Management approach is highly defined and consists of very specific steps. If someone tries to "sell you" on a Wealth Management offering that does not feature Investment Consulting, Advanced Planning, and Relationship Management—beware. That person is *most definitely not* a true wealth manager.

The Wealth Management Process

A true Wealth Management approach has as its framework a series of five meetings. These meetings help identify your unique and specific challenges as well as design and implement a range of ideal solutions.

The five Wealth Management meetings are summarized below:

The Consultative Wealth Management Process



1. **The Discovery Meeting**: The first step is to help you accurately uncover and clearly understand your true financial requirements—what you want and need most out of life. Without the knowledge of what you want your wealth to accomplish, the best financial strategies in the world won't be of much help.

   With that in mind, the initial Discovery Meeting is centered on a detailed interview process that enables you to define your financial needs, goals, and current position. This gives you the information you need to create a comprehensive profile of yourself (more on that below). This profile is used to create solutions that are customized to your situation and to lay the ground rules for working with other advisors (CPAs, attorneys, etc.) who may be involved in the Wealth Management process.

Because this part of the process is so critical to your success—and because few investors ever do a formal Discovery Meeting interview—we focus extra attention on this step below (see "Spotlight on the Discovery Meeting and Total Investor Profile").

2. **The Investment Plan Meeting**: At this meeting, a complete diagnostic overview of your current financial situation and a recommended plan for achieving your investment-related goals are presented, based on the information that was uncovered during the Discovery Meeting. These recommendations are based on the four key drivers of investment success: return, risk, costs, and taxes. This becomes your actionable investment plan, structured to maximize the probability of achieving your well-defined investment goals.

In short, the investment plan serves as the road map that will guide you through the journey of growing, preserving, and passing on your wealth over time. As such, it will help ensure that rational analysis—not emotional reaction—is the basis for your investment decisions.

3. **The Mutual Commitment Meeting**: You should consider any Wealth Management investment plan thoroughly before committing to it. At this meeting, which occurs after you have reviewed the plan carefully, you go over any questions or concerns you have about the plan to determine whether to move ahead and implement the recommended investment strategies. If you choose to do so, the investment plan is put into motion. In addition, you decide the regularity of your future meetings with your advisor and the ways in which you prefer to be contacted by your advisor.

4. **The 45-Day Follow-up Meeting**: Within forty-five days of implementing your investment plan, you will receive a great deal of paperwork. Whether you are a busy entrepreneur, C-level manager, or grieving widow, you may find all these forms and emails more work than you care to take on at the moment. Therefore, this meeting helps you organize the various statements you have received. It also allows a wealth manager to help you understand the financial paperwork involved

in working together. And it's an opportunity to review any initial concerns and questions you have so that you understand exactly what the plan is for your assets.

5. **Regular Progress Meetings**: The creation of a Wealth Management plan is not a "one-and-done" event. Over time, the markets change and, more importantly, our lives change. So your plan must be regularly reviewed and updated as needed. At Regular Progress Meetings, your current financial position is compared to your plan to assess the progress you are making toward your goals.

What's more, a plan for addressing your critical non-investment goals must be designed and implemented. This comprehensive blueprint for addressing your Advanced Planning needs will be developed in coordination with a network of professionals, including CPAs and attorneys. At subsequent Progress Meetings, you can decide how to proceed on specific elements of the Wealth Management plan. In this way, over time, every aspect of your complete financial picture is effectively managed.

Spotlight on the Discovery Meeting and Total Investor Profile

One reason why Wealth Management is so effective in addressing women's needs is the Discovery Meeting. This initial stage of the process is focused on helping you identify your deepest, most important financial wants and needs.

The reason for starting with this meeting is simple: You cannot solve the complex and sometimes conflicting challenges you face until you position your assets around the values, needs, goals, and issues that are most important to you as a person. Only then will your wealth support all of the things you want to accomplish.

The Discovery Meeting helps you identify all that is truly important to you in seven key areas of your life. Your answers to the types of Discovery Meeting questions shown below will enable you to develop a holistic, all-encompassing picture of who you are and what you want from life so that your assets can be positioned to support you appropriately.

1. **Values**: What is truly important to you about your money and your desire for success, and what are the key, deep-seated values underlying the decisions you make to attain them? When you think about your money, what concerns, needs, or feelings come to mind?

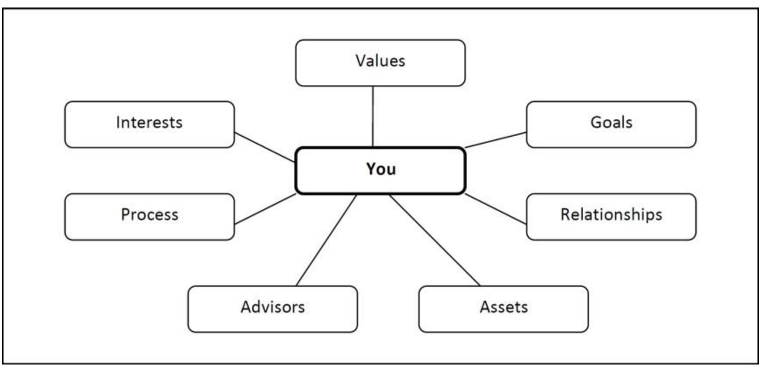
   This is a particularly important area to address. Values are one of the core motivations for everything we do in our lives. They have a profound impact on every important decision we make. And yet, most of us are not particularly good at articulating our values. We may act definitively on our values, but most of us have not necessarily thought deeply about exactly what those values are. The Discovery Meeting interview process can therefore bring substantial advantages to the process of managing your wealth effectively. One of its primary purposes is to help you uncover your core values systematically and clarify them so you know where to focus your efforts.

2. **Goals**: What do you want to achieve with your money over the long run—professionally and personally—from the most practical concerns to your biggest dreams?
3. **Relationships**: Who in your life is most important to you—including family, employees, friends, and even pets?
4. **Assets**: What do you own—from your business to real estate to investment accounts and retirement plans—and where and how are your assets held?
5. **Advisors**: Whom do you rely on for advice, and how do you feel about the professional relationships you currently have? Wealth Management is designed to work in partnership with all of your trusted advisors to arrive at customized, comprehensive solutions that complement each other.
6. **Process**: How actively do you like to be involved in managing your financial life, and how do you prefer to work with your trusted advisors?

7. **Interests**: What are your passions in life—including your hobbies, sports, and leisure activities, charitable and philanthropic involvements, religious and spiritual beliefs, and children's schools and activities?

Your answers to these questions are used to create a Total Investor Profile that will serve as a road map—a guide so that every financial decision you make supports what you want most from life (see the chart below).

The Total Investor Profile



If, like most affluent investors, you currently work with one or more financial advisors, you are probably aware that most professionals use some type of fact-finding process when first meeting with clients or prospects. But have you ever noticed that these questions usually focus entirely on your assets and net worth? In contrast, note that only one of the seven categories that make up Wealth Management's Total Investor Profile concerns assets. Six of the seven are focused on helping you (and the wealth manager, if you use one) better understand who you are as a person.

There's a big advantage to getting at this information. By engaging in this Discovery Process and using the insights learned from it to create a personalized profile, your wealth and all the choices you make about it become perfectly aligned with the life you want to build for yourself, your family, and those you care about most.

Time for a Closer Look

Of course, this is just a high-level overview of the Wealth Management process. The following three chapters will explore each main component of Wealth Management—Investment Consulting, Advanced Planning, and Relationship Management—in greater detail. These chapters will show you how Wealth Management is designed to address and solve the key issues you face in your life as well as position your wealth to help you achieve all that is truly most important to you, your family, and your community.

CHAPTER 4

INVESTMENT CONSULTING: THE FOUNDATION OF WEALTH MANAGEMENT

You have many important goals for yourself, your family, your business (if you own one), and your community:

- Maybe you want to achieve financial freedom so that you never *have* to work again—even if you intend to keep working the rest of your life.
- Perhaps you want to ensure that enough money will be available to give your children or grandchildren a great start in life, whether that's help with a down payment on a home, capital for a

business, or tuition for a top-flight college education.
- A vacation home might be in your ideal future plans, too.
- Or maybe you have achieved tremendous success as an entrepreneur and want to leave behind an enduring legacy.

Of course, you've also come to realize that there are many sizable challenges that you must confront in order to achieve those goals. Your journey needs to be mapped out carefully.

If you are like the vast majority of women today, you need to accomplish two main tasks in order to overcome financial challenges and realize your financial dreams:

1. **Accumulate wealth**: You must continue to grow your wealth to ensure that there is enough of it to pay for your goals and to enable you to live a life full of personal comfort, fulfillment, and meaning.

2. **Preserve wealth**: You must safeguard the wealth you have worked so hard to accumulate. You want it easily accessible and in the right hands so you can use it to help the most important people and causes in your life.

That is why the Investment Consulting process—the management of investments over time to help achieve your financial goals—is the foundation of Wealth

Management. Investments are the bedrock upon which you will build the rest of your financial strategies for success.

With that in mind, let's consider some of the key tenets of successful investing that will help you close the gap between where you are now and where you want to be in the future.

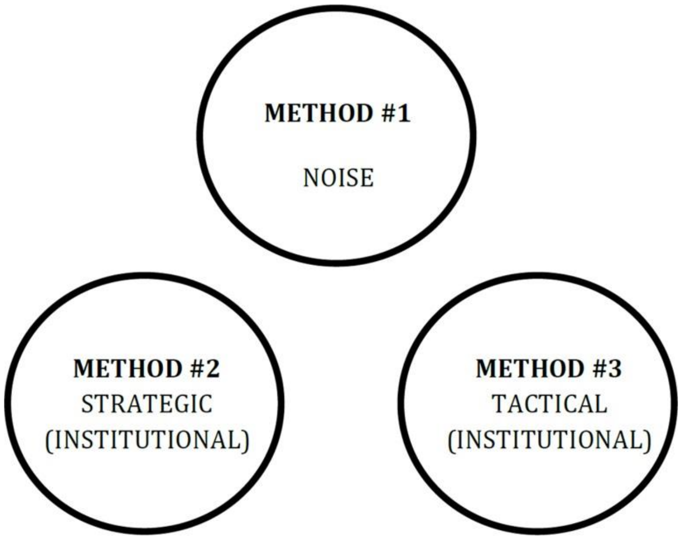
Rise Above the Noise

Too often, investing is presented as a confusing maze. Indeed, the financial media and many investment professionals go out of their way to create that confusion. They use jargon that can intimidate and make it difficult for you to understand relatively straightforward concepts—all so they can turn around and sell you on their ability to cut through the fog.

But here is a true statement: investing is actually not all that complicated.

In fact, there are just three different methods that investors can use to make decisions about their money. Two of these methods can help you maximize your investment success. One of them will almost certainly derail your efforts at long-term financial security. The chart below classifies people according to how they make investing decisions.

Three Investment Decision Methods



Source: CEG Worldwide

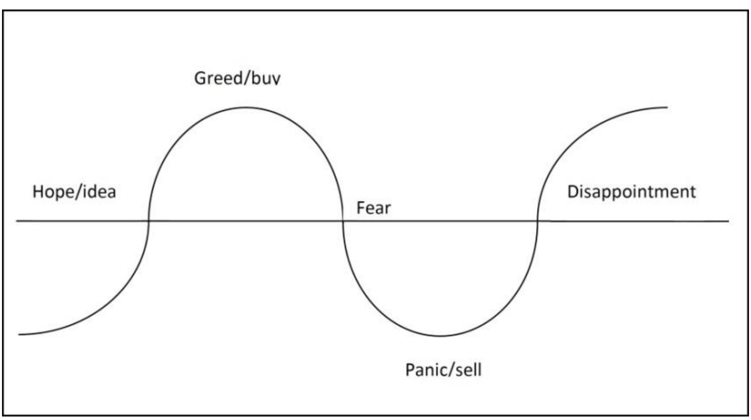
The first method is the *noise method*. It's used by investors who get caught up in the noise of the day and let their emotions control their actions. They chase after hot stocks and ignore investments that are undervalued (i.e., poised to rise). As a result, they often earn poor returns that fail to get them to their most important financial goals.

Unfortunately, it's easy to get caught up in all the noise that's out there. Most of the public uses the noise method, and much of the financial media fuels this method of investing as it tries to sell newspapers, magazines, and television shows. For the media, it's all about getting you to return to them time and time again. Nothing helps them do that better than creating lots of noise.

Given all that, it's not surprising that many investors make their decisions based on noise. Why do these investors so consistently make the wrong decisions? ***Because noise drives emotions*, *and making investment decisions based on emotions rarely has a positive outcome*.**

To understand the emotions of investing and why most investors systematically make the wrong decisions, consider what is likely to occur when you get a hot tip on a stock.

The Emotional Curve of Investing



Source: CEG Worldwide

If you're like most investors, you don't buy the stock right away. You've probably had the experience of losing money on an investment before, so you're not going to race out and buy that stock right away based on a hot tip. You're cautious, so you decide to follow it for a while to see how it does. Sure enough, it starts trending upward.

You follow it for a while as it rises. What's your emotion? Confidence. You hope that this might be the one investment that helps you make a lot of money. Let's say it continues its upward trend. You start feeling a new emotion as you begin to consider that this just might be the one. It's greed—everyone else must be getting rich off this stock, and you want in on that easy money. You decide to buy the stock that day.

You know what happens next. Of course, soon after you buy it, the stock starts to go down, and you feel a new combination of emotions—fear and regret. You're afraid you made a terrible mistake. You promise yourself that if the stock just goes back up to where you bought it, you will never do it again. You don't want to have to tell your spouse or partner about it. You don't care about making money anymore. Like a desperate gambler, you tell yourself you'll get rid of the stock just as soon as you get back to breakeven.

Now let's say the stock continues to go down. You find yourself with a new emotion: panic. You sell the stock. And what happens next? All too often, new information comes out and the stock races to an all-time high.

If that sounds familiar, don't beat yourself up about it. The fact is, we're all poorly wired for investing. Emotions are powerful forces that cause us to do exactly the opposite of what we should do. In this case, our emotions lead us to buy high and sell low. If we do that over a long period of time, we'll cause serious damage not just to our portfolios but also to our financial dreams.

The good news is that there are superior methods you can use to tune out that noise and build an investment plan that will enable you to achieve consistent investment success. These methods are the ones used by the world's best institutional money management firms to serve their clients—which include Fortune 500 companies and endowments with billions of dollars to invest. At our firm, we believe that individual investors such as you and your family should have access to the same institutional-class investment approaches that these companies and endowments enjoy.

As the chart 3 Methods on p. 48 revealed, there are two institutional-class approaches.

The first is the *strategic method* of making investment decisions. Strategic investors use a process based on Nobel Prize-winning research to build portfolios that provide the best possible returns for a given level of investment risk. Strategic investors rebalance those portfolios on a disciplined quarter-by-quarter basis to ensure that they constantly maintain the optimal combination of return and risk.

The second institutional-class approach is the *tactical method*. Tactical investors also base their portfolio decisions on Nobel Prize-winning academic research. However, they manage their portfolios differently. Instead of regularly rebalancing each quarter, tactical investors look to add value by emphasizing certain asset classes or market sectors that their research efforts tell them are undervalued and that offer above-average potential for strong returns. Tactical investors then de-emphasize those asset classes or sectors once they become fairly valued by the marketplace and no longer offer above-average return potential. Tactical investors are therefore more opportunistic than are strategic investors.

The strategic and tactical approaches are where most of the academic community resides, as do the top professional investors. Investors who use strategic and tactical investment methods dispassionately research what works and then follow a rational course of action based on evidence, not emotion. This allows them to ignore the noise created by the media.

Our passion is to help investors make smart decisions about their money. To accomplish this, we help investors move from the noise to making smart decisions about their money by using these prudent investment strategies: 1) strategic investing, 2) tactical investing, or 3) a combination of the two approaches. We believe that these strategies will help you maximize the probability of achieving all your financial goals.

The 5 Key Drivers of Successful Investing

Which of the two institutional investment methods is right for you? To answer that, it's useful to take a step back and examine the concepts that will empower you to achieve consistent, long-term investment success. These are the concepts that will guide you regardless of which institutional approach you select.

The academic research reveals that there are *five key drivers of successful investing*. You and your family deserve the best, including the same advantages that institutional and other professional investors have. So let's walk through these five success drivers to see how institutional investors incorporate each into their investment plans to achieve their financial goals.

1. Leverage diversification to reduce risk

Most people understand the basic concept of diversification: don't put all your eggs in one basket. That's a very simplistic view of diversification, however. It can also get you caught in a dangerous trap—one that you may already have fallen into.

For example, many investors have a large part of their assets tied up in their own companies' stocks or their employers' stocks. Most realize they're exposing themselves to risk by not being diversified enough, but they still don't do anything about it. They justify holding the position because of the large capital gains tax they would have to pay if they sold it, or they imagine that the stocks are just about ready to take off. Often, investors are so close to a particular company that they develop a false sense of comfort about its stock.

Other investors believe that they have effectively diversified their holdings because they own a variety of stocks. They don't realize that they are in for an emotional roller-coaster ride if these investments share similar risk factors by belonging to the same industry group or asset class.

For example, "diversifying" by having many oil- and energy-related stocks in your portfolio is not diversifying at all. Think about if the energy sector as a whole experiences trouble—something that we Texans know can happen. If that occurs, it won't be just one of your energy stocks that plummets in value—it will be most, or maybe even all, of them.

But truly diversified investors—those who invest across a number of different asset classes—can lower their risk and still generate strong returns. Because they recognize that it's impossible to know with certainty which asset classes will perform best in coming years, diversified investors take a balanced approach and stick with it despite volatility in the markets.

2. Seek lower volatility to enhance returns

If you have two investment portfolios with the same average (or arithmetic) return, the portfolio with less volatility will have a greater compound rate of return.

That might sound complex—yes, there is math involved—but it's easy to understand. Let's say you are considering investing in two mutual funds. Both funds have an average arithmetic rate of return of 8 percent over five years. How would you determine which fund is better? After all, since both returned 8 percent, wouldn't they both have grown your investment by the same amount over those five years?

The answer is *not necessarily*. That would be true only if the two funds had the same degree of volatility. If one fund is more volatile than the other—that is, if its returns rise and fall more severely—its compound return and ending value will be different. It is a mathematical fact that the one with *less* volatility will have a *higher* compound return.

You can see how this works in the chart below, which shows the growth of a $100,000 investment in two hypothetical funds. Notice how the two equal investments can have the same arithmetic rate of return (8 percent) but have very different ending values—$146,933 versus $130,000. The reason is volatility. As you can see, the volatile fund experienced much greater swings in its value from year to year, which caused it to create less wealth than the consistent fund.

Less Volatility = Greater Wealth

	The Consistent Fund		**The Volatile Fund**	
Year	Rate of Return	Ending Value	Rate of Return	Ending Value
1	8%	$108,000	30%	$130,000
2	8%	$116,640	-20%	$104,000
3	8%	$125,971	25%	$130,000
4	8%	$136,049	-20%	$104,000
5	8%	$146,933	25%	$130,000
Arithmetic Annual Return	8%		8%	
Compound Annual Return	8%		5.39%	

Obviously, as an investor looking to make smart financial decisions, you want the smoother ride of the consistent fund. For one, a smoother ride can help you avoid the emotional ups and downs you can feel when the value of your investments swings wildly from year to year. More important, ***the smoother ride will actually create more wealth*** for you to reach your financial goals.

The upshot: You want to design your portfolio so that it has as little volatility as possible.

3. Use global diversification to enhance returns and reduce risk

Investors here in the U.S. tend to favor stocks and bonds of U.S.-based companies. That's not surprising. It can feel much more comfortable emotionally to invest in firms that we feel we know and whose products we use as opposed to unfamiliar companies based overseas.

Unfortunately, this emotional bias causes investors to miss out on one of the most effective ways to increase their returns and preserve their wealth. Did you know that the U.S. financial market, while the largest in the world, still represents just under half of the total investable capital market worldwide? By considering overseas investment opportunities, you greatly increase your ability to invest in superior global firms that can help you grow your wealth faster.

What's more, global diversification in your portfolio reduces its overall risk. That's because U.S. equity markets and international markets generally do not move in lockstep with each other. Individual stocks of companies around the world with similar risk have the same expected rate of return. However, they don't get there in the same manner or at the same time. The price movements between international and U.S. investments are often dissimilar, so investing in both can increase your portfolio's diversification—helping, once again, provide a smoother ride over time.

4. Use different investment approaches in different markets

In the stock market, extended periods of rising prices are called *secular bull markets*. Lengthy periods when prices fall are called *secular bear markets*.

Regardless of whether the market is in a secular bull or a secular bear period, you still need to achieve your most important goals. You need a way to succeed consistently during both the good times *and* the bad.

At first glance, it may seem impossible for you to achieve success during a prolonged period of falling or depressed stock prices. But you can. The key to successfully navigating the ever-changing market environment is to adapt your investment approach to take advantage of the specific forces at work during secular bull and bear markets.

Take secular bull markets, for example. In these markets, the rising tide of stock prices lifts all boats. Success comes mainly by being invested in the broad market. Investments such as index funds or exchange-traded funds (ETFs) that "own the market" tend to outperform so-called active investors who try to add value through superior investment selection and other strategies.

During secular bull markets, you'll likely be best served by using the strategic method of investing, taking a buy-and-hold approach and keeping turnover low—essentially getting on the horse, grabbing the reins, and riding as hard as you can.

But what about a secular bear market? What does it take to succeed when the market is gripped by falling prices? This type of market calls for a fundamentally different approach. Success requires superior active research and management efforts to uncover those investments and strategies capable of swimming against the tide and delivering strong returns.

Using a momentum investing technique called *relative strength*—that compares the performance of a stock, ETF, or mutual fund to that of the overall market—is the best active approach to take during secular bear markets. Relative strength calculates which investments are the strongest performers within the overall marketplace and recommends those investments for purchase. Relative strength investing has both entry and exit strategies; investors using this technique aim to sell their holdings as soon as the investments begin to appear weak. This usually works well in a secular bear market, as it illuminates which market segments/ETFs to buy into and which to move out of—thus giving you a smoother ride and greater possibility of wealth protection and growth.

The very best institutional investors (usually universities, large companies, and charities) recognize that there are various forces at work in secular bull and secular bear markets, so they do not rely on just one investment approach. Instead, they adopt both strategic and tactical strategies and use them accordingly to manage risk effectively, to help enhance returns, and to build greater wealth over time. My team and I utilize the same approach for our individual and family clients. Ask your wealth manager to describe their process. (See other suggested questions to ask in Appendix 1.)

5. Design efficient portfolios

For more than forty years, major institutions have been using a money management concept known as Modern Portfolio Theory (MPT) to decide which investments to use and how they should be combined. The academics who developed this theory went on to win the Nobel Prize in Economic Sciences.

Although MPT is rooted in complex mathematics, it is at heart a logical and common sense approach that is easier to understand than many of the conventional investment approaches you'll read about in the financial press.

Essentially, MPT says that for every level of risk, there is an optimum combination of investments that will give you the highest rate of return. All the various combinations of investments with this optimal risk/reward trade-off form what's known as the "efficient frontier" line. The efficient frontier takes into account the expected rate of return, standard deviation, and correlation coefficient for each asset class and uses that information to identify the portfolio with the highest expected return at each level of risk. (See the sidebar for definitions of these terms.)

Key Definitions

Expected rate of return is typically calculated as the risk-free rate of return plus the risk premium associated with that equity investment.

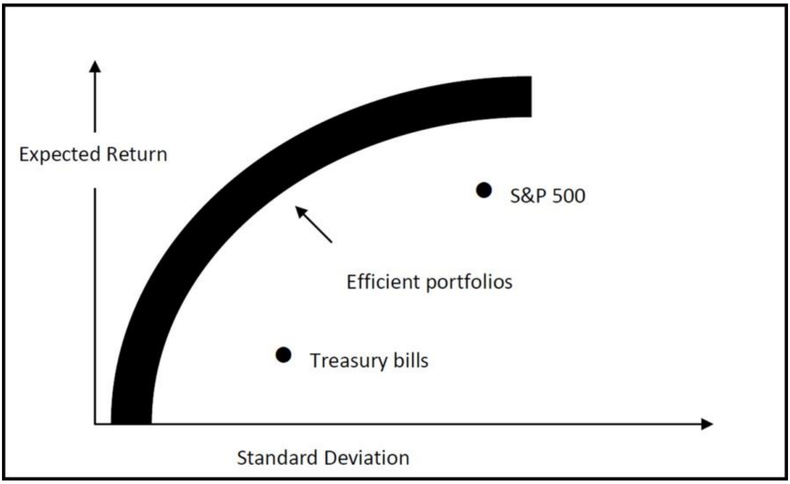
Standard deviation is a description of how far from the mean (average) the historical performance of an investment has been. It is a measure of an investment's volatility.

Correlation coefficients measure the dissimilar price movements among asset classes by quantifying the degree to which they move together in time, degree, and direction.

By plotting each investment combination, or portfolio, representing a given level of risk and expected return, we are able to describe mathematically a series of points, or "efficient portfolios." This line forms the efficient frontier. (See the chart below.)

Most investor portfolios fall significantly below the efficient frontier. Portfolios such as the S&P 500, which is often used as a proxy for the overall stock market, fall below the efficient frontier line when several asset classes are compared. Investors can have the same rates of return with an asset class portfolio with much less risk, or higher rates of return for the same level of risk.

The Range of Efficient Portfolios



Source: CEG Worldwide

The chart above illustrates the efficient frontier relative to the "market." Clearly, you want to select portfolios that 1) match your personal risk tolerance level so you don't get too emotional in tough times, and 2) appear on the efficient frontier. Whatever risk level you choose, you want to have the highest possible return so that you can maximize the probability of achieving your financial goals.

Important: These concepts are designed to maximize return and minimize risk. But no strategy can entirely eliminate risk, which is inherent in all investments. Whenever you invest, you have to accept some risk.

Taking the Next Step

As you know from Chapter 3, the Investment Consulting process for accumulating and preserving wealth is just the first step in a comprehensive Wealth Management plan. Once your investment foundation is built and solidified, it's time to turn your attention to the key *non-investment* financial areas of importance in your life.

These areas might include enhancing wealth through savvy tax planning; transferring wealth, such as a business, to family members or others; protecting wealth from those who would seek to take it from you; and donating wealth to causes and organizations about which you care deeply.

The next chapter will focus on these key Advanced Planning issues. It will show you how the Wealth Management process enables you to coordinate your decisions in these areas with your overall investment plan to achieve maximum benefits.

CHAPTER 5

ADVANCED PLANNING: ADDRESSING YOUR OTHER KEY FINANCIAL CHALLENGES

By now, you've seen how incredibly important the ideal investment plan can be to helping you meet your goals. The right investment strategies set you up to grow and protect your wealth.

But when it comes to your long-term financial health and well-being, investments are only part of the picture. In order for every part of your financial life to fire on all cylinders and work in a smooth, coordinated manner, you need to go beyond just the world of stocks and bonds.

Remember that true Wealth Management encompasses three key components:

1. Investment Consulting
2. Advanced Planning
3. Relationship Management

In this chapter, we'll explore the second of those components—Advanced Planning. This component of the comprehensive Wealth Management process addresses the broad range of financial needs that you have *beyond* your investment portfolio.

A well-crafted advanced plan adds real value to your life by not only addressing crucial non-investment issues but also coordinating them so that each piece of your financial life works with all the others seamlessly. That way, for example, your investment portfolio's structure will reflect your estate planning goals or your plans for your business during the coming year.

The end result: All of the parts of your financial life work in concert to provide you with the maximum positive impact that you need to achieve your goals and enjoy peace of mind.

Four Advanced Areas of Concern

Empirical research and my own experience helping families manage their wealth have helped me come to the conclusion that there are four broad categories of non-investment issues that most affluent women need to prioritize. As you will see later, the range of Advanced Planning services is designed to address these four categories:

1. **Minimizing taxes**: You don't just need to make money. You also need to keep, save, and invest it. So it's no surprise that reducing the amount of taxes paid is a big concern for wealthy investors. Mitigating income, estate, and capital gains taxes is a focal point for affluent families. For example, a Vanguard study[4] found that more than 70 percent of affluent investors say they are worried about potential tax increases. And of course, the more wealth you have, the more these concerns appear on your radar.

2. **Effective estate and gift transfer**: Many successful women are also looking beyond their own needs to those of future generations. They want to ensure that their heirs, parents, children, and grandchildren are well taken care of with minimal difficulty and cost, and in accordance with their wishes. According to Vanguard,[5] more than half of the affluent say that the financial situation of their kids and grandkids is a concern. And yet, I see that too many successful women have no formal estate or giving plans. If they do, those

[4] https://personal.vanguard.com/pdf/ISGGEB.pdf
[5] *Ibid.*

plans are often outdated and don't reflect current conditions and needs. Remember, estate planning is not a one-time event but something you must review every three to five years, as your life never stops changing.

3. **Wealth protection**: There's no question that the wealthy can be targets. Many affluent investors are worried about keeping wealth safe from potential creditors, litigants, children's spouses, and potential ex-spouses, as well as from catastrophic losses that could cripple them financially. Consider that 58 percent of respondents in one study[6] reported a strong need for wealth protection. But only 15 percent of respondents said they felt "very prepared" to protect their wealth.

4. **Charitable gifting**: A growing number of successful investors want to have a major positive impact in their communities and on the world at large. Facilitating and increasing the effectiveness of their charitable intents is very important to a segment of high-net-worth investors. The latest Giving USA data shows that charitable giving rose for the fifth consecutive year in 2014 to nearly $360 billion—passing its prerecession peak.

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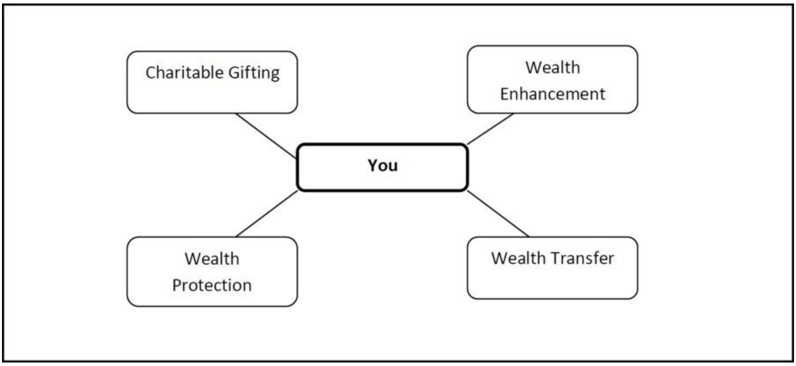
[6] http://www.thinkadvisor.com/2014/09/23/wealth-protection-a-growing-priority-for-investors

Crafting an Advanced Plan

Given the broad areas of concern that most affluent investors face, a properly designed advanced plan will spell out various steps to take in order to address your full range of financial concerns in the following four key areas:



1. **Wealth enhancement**: This is the process of using strategies to maximize the tax efficiency of your current assets and cash flow, taking into account your growth and wealth preservation needs. Some of the most common objectives in terms of wealth enhancement include maximizing your assets to realize financial goals and minimizing the exposure of assets to unnecessary taxes.

   The ultimate goals, of course, are to keep more of your money in your own pocket and to give less to Uncle Sam.

Accomplishing these goals can involve any number of approaches. You (or you and the team of professionals you work with) might review past tax returns and perform a current-year tax assessment to develop scenario planning for various strategies that you may be contemplating as you go through life. You might examine the effectiveness of your cash management or analyze an executive compensation program or benefits plan to ensure that you are maximizing any investments and tax-advantaged vehicles.

Many of my clients have gone through this process with me, and we take a few simple steps to help lessen what Uncle Sam receives and maximize what the client keeps in her bank and brokerage accounts. One example is to have the growth (buying low and selling high) occur within a tax-deferred account such as an IRA or 401(k). Another example is having a couple with one working spouse make sure that every year a contribution is put into the non-working spouse's IRA (or Roth, depending on the income level of the couple). This strategy alone saved over $300,000 in tax-deferred funds for one couple I work with. This result may not be typical, of course. It depends on the age at which the couple starts the contributions into the non-working spouse's accounts. The earlier they start, the higher the potential savings.

There's yet another strategy I've used that has led to many thank-you notes and calls of appreciation from clients. That strategy is to transfer as much money as possible from tax-deferred accounts (e.g., IRA, SIMPLE IRA, SEP IRA, and 401(k) and 403(b) plans) into a Roth IRA. Income taxes are owed when those funds are transferred. But thereafter, no taxes are owed on the growth that occurs within the Roth or on withdrawals that are taken from the Roth. In addition, there are no required minimum distributions from a Roth. So if you don't need the funds in retirement, you can pass them on to loved ones—and they will receive the withdrawals free of income taxes. This strategy can turn a $100,000 IRA into a multimillion-dollar Roth for a grandchild. (See Ed Slott's book *Parlay Your IRA into a Family Fortune* for more on this particular strategy.)

2. **Wealth transfer**: This area is focused on ways to structure your assets effectively for their eventual transfer to others, and to facilitate the most tax-efficient ways to pass assets to succeeding generations in your family in a way that satisfies your wishes and desires.

   To address wealth transfer issues, you need to answer important questions that you may never have considered (or that you would prefer to ignore). Examples: How do you want your assets to be distributed at death? How and when should your heirs receive an inheritance? How can liquidity needs be met if your estate is illiquid?

Action steps here can involve determining your wealth transfer preferences; identifying any special situations you may face (such as a special-needs child); examining your business succession issues; and considering a range of trusts, insurance policies, or partnerships that ensure effective transfer. Strategies you can use to achieve wealth transfer goals range from basic estate planning (such as credit-shelter trusts and traditional life insurance) to more sophisticated techniques (such as self-canceling installment notes, remainder purchase marital trusts, and generation-skipping trusts with life insurance).

Consider, for example, the topic of wills and trusts. A will is a legal document that communicates how a person wants her estate to distribute assets after death. A trust is a pool of assets (it might be investments, cash, property, etc.) that are held for the benefit of a third party—the beneficiary. A trustee is appointed to oversee the management of the trust. If you create the trust during your lifetime, it is known as a "living trust," and initially you are the one who fulfills the roles of trustee and beneficiary. When creating the trust, you establish how you want the trust to distribute assets after your death.

While both wills and trusts can accomplish similar estate planning objectives, a trust is generally more flexible than a will. A trust can allow you to exert greater control over the distribution of your assets. Say you choose to leave a large sum to a son, daughter, or close relative who is a minor. Unlike a will, a trust can establish how and when the child will receive the money after you're gone. You can also set up a trust to fulfill specific objectives, such as paying for a child's education. A trust can also help your heirs avoid certain estate taxes and stay out of probate court. That said, trusts generally cost more than wills to set up and are more complex. It's also important to follow through on funding a trust and re-titling assets owned by the trust, otherwise many of the potential benefits of a trust won't be realized.

One client has utilized a trust and a pour-over will alongside some insurance products that will allow her children (beneficiaries) to inherit all the assets that she and her husband have amassed. Because she took the time to create the trust and buy some life insurance, she protected the assets from approximately $1.5 million in taxes. Now her children will inherit the extra $1.5 million, allowing them to fulfill some of their dreams, such as starting a business.

3. **Wealth protection**: This involves strategies for ensuring that your wealth is not unjustly taken from you by potential creditors, litigants, ex-spouses, and children's spouses. This component of Advanced Planning is also meant to protect your wealth against catastrophic loss. Also, identity theft is another emerging threat to wealth protection that should be addressed.

   Common actions you might take to protect your wealth include controlling risks though business processes, employment agreements, and buy-sell agreements. You can also restructure various assets and consider legal forms of ownership—such as trusts, limited liability entities, and more—that can put your wealth beyond the reach of creditors and others who might pursue it.

   Insurance can also offer protection, of course. Property and casualty insurance can cover everything from the obvious (autos, homes) to the exotic (expensive artwork, high-end yachts). For example, if you own rental properties and a renter's dog bites a neighbor, you could be liable if your only insurance coverage is a typical homeowners policy. However, by setting up a special umbrella policy, you would be able to avoid liability and protect your assets. One of my clients experienced this very thing. She has ten rental houses valued at approximately $2 million total. One of her renters (let's call her Jackie) had her daughter spend the night, and the daughter brought her dog with her. That evening the dog bit a neighbor, and the neighbor was sent to the hospital. As the homeowner, my client was considered liable. The neighbors sued for more than $2 million for the medical bills, pain, and anguish. This could've been devastating to my client without the umbrella policy. Other strategies might involve liability insurance, disassociation, and transformation.

Finally, long-term care insurance is becoming an increasingly necessary option to help seniors fund nursing home stays and other potentially expensive healthcare costs that can accompany the aging process. (See my article on LinkedIn for more information.) Even if a client has assets of tens of millions of dollars and could self-insure for long-term care, it is still a very good idea to have a form of long-term care insurance. For example, one such affluent client of mine purchased long-term care insurance early on, because she did not want her children's inheritance to be used for her end-of-life care. Instead, she wanted her children to have as much money as possible to help them take care of their own kids and other responsibilities. It was a loving gesture on her part to have insurance so the children wouldn't ever have to feel emotionally conflicted about how her assets were being spent (because it could now be viewed by them as their money). Her foresight and thoughtfulness paid off when she experienced dementia in her seventies and needed to go to a memory care facility to help her with daily activities—at a considerable expense. With long-term care insurance in place, she was able to avoid the exact scenario that had concerned her years earlier.

4. **Charitable gifting** is all about helping you fulfill your philanthropic goals—and maximize the effectiveness of any charitable intent you have. The idea is to use strategies that enable you to give larger amounts than you would be able to otherwise. The actions involved in a charitable gifting strategy include evaluating your charitable options and how they fit in with your other goals, such as retirement income needs and wealth transfer goals. Various trusts, funds, foundations, and gifting methods—including private foundations, donor-advised funds, charitable remainder trusts, and charitable lead trusts—are routinely used to make sure your giving has the maximum impact you want it to have.

Some examples from my clients and acquaintances of effective charitable giving with tax efficiency include:

- A woman who's a C-level manager at a large firm earns an income of about $250,000 a year. If she sets up a private foundation (PF), or utilizes one already set up for her, she can give up to 30 percent of her income—$75,000—to her PF. However, if she also aligns with a donor-advised fund (DAF), she is allowed to give as much as 50 percent of her income—$125,000—for that year. This additional donation will help her goals in two ways: She will have less income tax that year by $150,000, plus she will make a bigger difference for her charity, which greatly pleases her.
- A family living in West Texas has its own PF and a DAF. The family satisfied the annual 5 percent distribution requirement of the PF by giving the donation to the DAF (it has public charity status). The family then had more time to meet and discuss which charities will receive the grants and in what amounts. It was a great relief to the family members to not have to rush at the end of the year to make grants—especially because they had unexpected family emergencies that required their time and attention.

> Another benefit of utilizing the DAF is the ability to grant funds from the PF (or family) with anonymity, if desired. The grant check will be issued directly by the DAF and can exclude any reference to the PF or associated family.

Once again, notice how all of these areas work together. For example, strategies to reduce current income taxes today can be coordinated with estate planning strategies that seek to maximize gifts to heirs down the road. This makes good sense. After all, the various parts of your financial life don't operate in a vacuum—so neither should your plan to manage them.

A Fully Coordinated Financial Life

Can you see how tremendously valuable a comprehensive Wealth Management plan—one that includes investments and non-investment strategies—can be to your financial life? By coordinating all the components that impact and influence your financial security, you will put yourself in the best possible position to achieve the most important goals you have set for yourself, your family, your business, your community, and the organizations you care deeply about. Just as important, you will have peace of mind knowing that you are set up to succeed.

Of course, you might also be starting to see just how complex a job it is to oversee all of these areas. There's no question that it takes significant expertise to make smart decisions about everything from investment planning to tax planning to transferring, safeguarding, and donating wealth effectively.

The good news: you have help. In the next chapter, we'll explore the third component of Wealth Management: Relationship Management. This is the part of the process that helps you (and your wealth manager, if you work with one) coordinate a team of expert professionals who can implement all the tools and strategies you need.

CHAPTER 6

RELATIONSHIP MANAGEMENT: WORKING WITH THE RIGHT EXPERTS

As we move into the final component of Wealth Management, let's consider what you have read thus far and think about all that you have to do to coordinate your financial life successfully:

- You need to position your investable assets to generate both the growth and the preservation of your wealth that you require to meet your key goals.

- You also need to address the many non-investment issues that impact your financial future and the future of those most important to you.
- What's more, you need to oversee and manage those aspects of your finances on an ongoing basis so that your overall Wealth Management plan always reflects where you are today and where you want to be in the future.

Calling this a tall order might be an understatement. But as noted in the previous chapter, you have plenty of resources that can help you undertake and succeed at this mission.

The third component of the Wealth Management process is Relationship Management. As you will see, Relationship Management is all about getting the help you need to do a great job of successfully managing your entire financial life over time. It means meeting your critical financial needs by building, managing, and working with ***a team of financial experts*** who have deep knowledge across the range of specialties that you require.

The Value of Relationship Management

Why, exactly, is it so important to work with a team of experts as you pursue your financial goals? I believe there are a few key reasons.

For starters, there can be great deal of complexity involved with managing your wealth in a comprehensive manner. Growing and protecting your money requires not just a well-conceived investment plan but also high-end solutions that necessitate financial savvy to implement effectively. Creating trusts that accomplish your goals while complying with arcane (and seemingly ever-changing) tax code rules also demands a deep level of care and expertise—as well as a significant investment of time to get right. What's more, any solution you implement has to gel with others you already have in place so that you don't inadvertently create negative consequences.

Another reason has to do with a fact that many financial advisors will not admit: No one—absolutely no one—is the very best expert in *all* of the areas of your financial life. The top investment manager in the world may know a few smart tax strategies but will likely have little to no experience in using asset protection solutions to safeguard wealth. Likewise, an amazing CPA who can help you save large sums in taxes may have only a basic understanding of investments and how to position your wealth for the ideal combination of growth and preservation. In my own career as a financial advisor, I certainly don't attempt to do it all myself. Instead, I build relationships with expert professionals to bring the best results to our clients.

In short, there's a reason why top experts are so good at the one thing they do. They devote themselves to being truly superior in their area of expertise. As they say, "Jack of all trades, master of none."

This fact has some important implications for you as someone who seeks to make smart financial decisions about her money. It means that one of your most important jobs is to surround yourself with a group of reliable and capable specialists so that you benefit from the best advice possible in each area of importance in your financial life.

The Four Core Members of an Expert Team

Successful affluent investors typically have a core team that consists of four main experts: a wealth manager, a private client lawyer, an accountant, and a life insurance specialist.

Let's take a closer look at each of the four experts to see the role that each one might play in your financial life:

1. **Wealth manager**
   The wealth manager's job is to be the general manager of the entire team. The goal of this team is straightforward: to help you address your most pressing needs in the four areas of Advanced Planning.

As the general manager of this network of experts, a wealth manager has three primary roles:

- To build the network and manage it on an ongoing basis
- To provide the network members with a deep understanding of your situation and needs, based on what you shared with us during your Discovery Meeting
- To conduct meetings with the experts to draw out the optimal recommendations for you, based on your goals and needs, and to bring those recommendations to you for your assessment

Again, notice that the wealth manager does not attempt to do it all. Instead, the wealth manager ensures that the Advanced Planning experts fully understand your situation so that they can develop ideal solutions that are customized to fit your needs.

2. **Private client lawyer**

The private client lawyer is the key expert in a professional network. He or she will address the most critical areas of concern in your financial life, including tax, estate planning, and legal needs.

Specifically, you (and your wealth manager) should look to a private client lawyer to provide the following services:

- Estate planning
- Wealth protection planning
- Income tax planning
- Business succession planning
- Business planning for successful entrepreneurs
- Developing charitable giving programs
- Administration services (tied to the above planning services)
- Probate services
- Guardianship and conservatorship services

3. **Accountant**

   While a private client lawyer will provide you with a big-picture perspective on tax planning, an accountant typically will have more detailed, day-to-day knowledge of income tax-related issues. He or she should be able to make specific recommendations to mitigate these taxes. He or she will also work closely with the attorney to manage and minimize tax issues that result from various estate planning initiatives and business planning strategies.

4. **Life insurance specialist**

   The insurance specialist works closely with the private client lawyer to identify and structure solutions that leverage an entire range of life insurance products. You want a truly independent insurance pro on your team—not someone who receives any kind of financial incentives from one or more insurance companies and therefore might be inclined to recommend products that line his or her pockets instead of yours. As always, make sure any experts you work with put your interests first.

Other Important Experts to Consider

Beyond these four core members of the network, there are many other professionals that you may need only occasionally—or perhaps just once. These specialists don't have to be a permanent part of your expert network. Instead, you (or your wealth manager, acting as general manager) can locate the right ones on those occasions when their unique expertise is needed. For example:

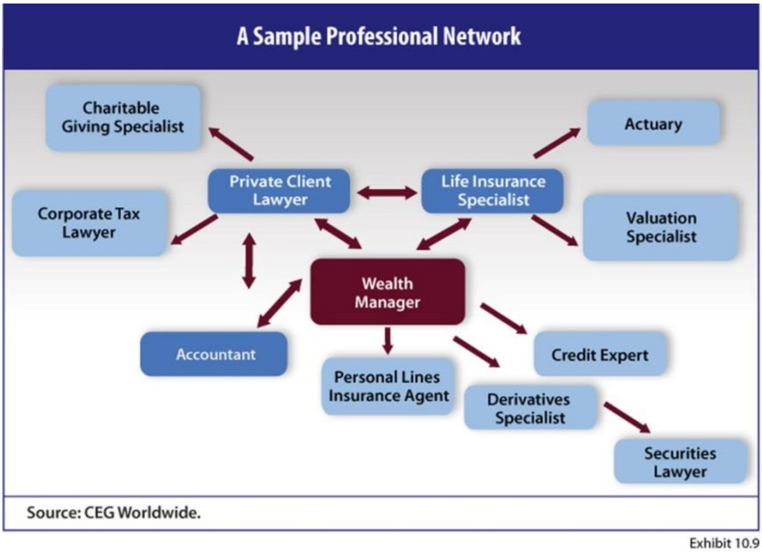
- **A personal lines insurance specialist—**such as a property-casualty agent who works at the very high end of the market. These professionals can be so important in some cases that some wealth managers make them part of their core teams.
- **A credit expert** to evaluate your current loan situation. Very often you can find this expert locally at a community-oriented bank or nearby mortgage lender.
- **A corporate tax lawyer** if your net worth is especially significant
- **A derivatives specialist** who deals with concentrated stock positions

- **A securities lawyer** who supports the work of the derivatives specialist
- **An actuary**, who is often needed when dealing with certain life insurance issues
- **A valuation specialist** to appraise your business interests, real estate, or collectibles

This list is only the beginning; depending on your particular situation, you may need to bring in other types of specialists to address highly specific challenges.

That said, you don't necessarily need to maintain close relationships with every one of these professionals. Instead, rely on your core team members—your wealth manager, private client lawyer, accountant, and life insurance specialist—to bring in their own specialists as needed. And of course, you may already work with some of these experts; in which case, a wealth manager can coordinate their efforts on your behalf as well.

The chart below shows an example of a potential professional network with a wealth manager acting as the general manager of the team. As you can see, the wealth manager's primary relationships are with the private client lawyer, accountant, and life insurance specialist. These network members then have relationships with a range of related professionals. And while the wealth manager does have relationships with other specialists, those relationships are not as key as those with the three other core team members.



Qualities to Look For in Experts

There are no shortages of lawyers and accountants these days, especially in Texas. So how do you select the right experts to work with? Whether you do the choosing or you elect to have a wealth manager help you build your team of experts, there are three qualities that every member of your professional network must bring to the table:

1. **The right expertise** - You must have absolutely the best expertise available by choosing experts who understand the challenges you face as a female entrepreneur, a widow/divorcee, or both. They also must be adept at crafting solutions to your unique challenges, which you can ascertain

by asking them how they have helped clients in situations similar to yours. They should also work with people who have levels of wealth similar to yours. The reason: If you have $2 million in assets, you might not get the attention you need and deserve by working with an attorney who mainly serves people with $25 million or more in assets.

2. **The ability to work well together -** Comprehensive Wealth Management is all about helping you address your key issues by creating coordinated solutions that work in concert with each other. To develop those integrated solutions, the professionals you work with will need to work well with each other. Otherwise, each expert will create solutions in his or her own "silo"—and the end results may not gel together to create a unified response to your financial challenges and opportunities. Your experts need to be good at collaborating. A collaborative approach leverages those advisors' knowledge of your financial challenges while helping ensure an integrated, holistic approach to your finances.

3. **The ability to work well with women** - I personally spent thirteen months traveling and interviewing all the different specialists in the Dallas/Fort Worth area. The core team I have carefully chosen gets together four to five times a year to review the needs of some of my clients. All

of them understand women's unique goals and needs and continually demonstrate that they care deeply about working with women to address their key areas of concern.

Conclusion

Don't try to do everything yourself or "go it alone" when it comes to something as important as your wealth. It may be against your nature, especially if you're an entrepreneur. But no one has ever created anything truly great entirely by themselves. There is always someone else—and usually a team of people—supporting her efforts. Therefore, it makes perfect sense to surround yourself with the right people who can work together to guide you toward financial success, financial comfort, and financial peace of mind. By having an ideal team of professionals in place and at the ready to serve you, you will put yourself in the best possible position to achieve all that is truly most important to you.

CONCLUSION

THE NEXT STEP IN YOUR JOURNEY TO FINANCIAL FREEDOM

Congratulations! By reading this book, you have come to understand not only many of the key financial and personal challenges you face as an affluent woman but also the consultative Wealth Management process that you can use to make intelligent decisions about your wealth.

This process gives you a distinct advantage in your efforts to achieve financial security and peace of mind—not only for yourself but also for the people you care about most. As you now know, true Wealth Management empowers you to coordinate the many moving parts of your financial life so that they can work together and help you reach your most important and valued goals.

Indeed, we have used Wealth Management to help:

- **Women business owners** grow their companies and ensure their legacies.
- **Widows** find solid ground beneath their feet in the wake of tragedy.
- **Divorcées** gain the financial stability and confidence to begin the next chapter of their lives.
- **Families** develop a road map for their financial decisions based on their needs, goals, and wants.
- **Retirees** ensure that the wealth they have worked so hard to create will be there for them throughout what may be a long and active retirement.
- **Philanthropic individuals and families** have an enormous positive impact on the charities and causes they care about deeply.

The influence we have been able to have on our clients' lives using Wealth Management has been profound, both to them and to me personally. The many thank-you calls and letters from clients are proof that the Wealth Management process puts people on the surest path to financial comfort and success.

Two Key Questions You Must Answer

Of course, having the knowledge of "what works" in your financial life is only the first step. Indeed, your journey is now just starting.

Think for a moment about your most important goals—the ones that, if you achieve them, will allow you to live a comfortable and meaningful life. The fact is, your wealth can do a tremendous amount of good—for you, your family, your team, and your community. That means you owe it to yourself, your loved ones, and the causes you care about to make the best possible decisions about your money so it can have the maximum possible impact.

Armed with that insight and the information in this book, you have some important questions to ask yourself. Chief among them are the following:

1. **Is consultative Wealth Management the right approach for me?** I have been helping investors since 2003, and I have found that Wealth Management is the approach that takes the most comprehensive and far-reaching view of wealth and the decisions that must be made around it. If you are someone with a wide range of financial needs—such as investments, budgeting, tax management, estate planning, wealth protection, and charitable giving—you will find that Wealth

Management provides a framework that helps you successfully address those needs.

I have found this to be the case in my own life: Wealth Management has served me well as an investor, as a widow, as a business owner, and as a woman seeking to make all the right moves financially.

2. **How will I choose to implement Wealth Management?** As you can tell, Wealth Management requires a great deal of time and effort. Comprehensive plans for investments and other assets must be created. Specific solutions must be identified and put into play. And a team of experts (accountants, attorneys, and so on) must be assembled and managed to address the many complex issues that investors with wealth tend to face.

   If you want to bring Wealth Management to bear on your financial life, you must determine the best way to do so. Certainly, some investors choose to manage their financial lives by themselves, and Wealth Management can be undertaken on a do-it-yourself basis. That said, many investors choose to work with financial professionals who use the Wealth Management process in their practices. Some do so early on in their wealth accumulation process. Others do so after forays as do-it-yourselfers or after working with brokers or other "financial consultants."

The decision to do it yourself or work with a professional wealth manager essentially boils down to a few key factors. Consider your answers to these questions:

- *Do you have the time to implement Wealth Management successfully?* The steps involved include creating comprehensive investment and advanced plans, identifying specific solutions and putting them into play, and assembling and managing a team of experts (accounts, attorneys, and so on) to address the complex issues that tend to accompany sizable wealth. Are you able to devote the time needed to make these things happen? Or are there other responsibilities in your life that should, or need to, take precedence?

  If you are a business owner, for example, I don't need to tell you how much energy must be devoted to your company. If you are a widow, you certainly need to put yourself first and take time to grieve and recover.

- *Do you have the expertise to take those steps successfully?* As you have seen, creating a comprehensive plan for wealth in which all the parts work in concert requires deep knowledge in areas such as investments, insurance, business planning, accounting, trusts, and estate law. Consider whether you possess all or most of the requisite skills yourself, or if you have access to such resources through existing relationships with professionals you're currently working with.

- *Do you have the desire to spend your time in this manner?* Even if you are very interested in finance, the idea of spending your weekends writing an estate plan probably doesn't fill you with joy. Think about if you want to spend your free time dealing with the issues and tasks detailed in this book—or if you would rather spend that time with family and friends, pursuing interests that give your life meaning and pleasure.

Most investors ultimately choose to implement Wealth Management with the help of a financial advisor who offers a true Wealth Management solution. An advisor will take on the "heavy lifting" aspects of Wealth Management while always working closely with you and your family to ensure that any plans and solutions reflect your unique needs, goals, and time frame.

That said, not just any advisor will do. If you choose to work with an advisor, you must be sure that he or she is the right advisor for you—one who offers Wealth

Management, yes, but also one who always acts with your best interests in mind and one with whom you connect emotionally.

With that in mind, this book features **a list of key questions to ask any financial advisor with whom you are considering working**. I urge you to bring this list of questions along with you when you interview advisors. It will help you determine which candidates have the potential to add value to your life, and which ones are not a good fit.

The choice is yours. Where will you go next?

Ultimately, only you can decide if Wealth Management makes sense for you. The choice is yours. You have the power and the ability to put yourself on a path to a level of financial success you may never have thought was possible. You have the power and the ability to bring a level of financial control and confidence to your life that you didn't even know existed.

Ask yourself if you and your family are currently working with financial experts who can help you in all your endeavors and propel you into a future you love.

Remember that you have the power and the ability to position your wealth so that it supports the life you truly want—and deserve.

I wish you all the joy and happiness in the world as you continue your journey and pursue all the many wonderful things that life offers. Make the most of this moment here today—and every day.

Sincerely,

BONUS 1

QUESTIONS TO ASK FINANCIAL ADVISORS

We understand that many people are intimidated when they first meet with a financial advisor because they're embarrassed about their lack of financial knowledge—or about how little progress they've made toward their big financial and life goals.

Yet this is not unusual, since lack of knowledge is the main reason you're seeking an advisor. Instead of feeling intimidated, you should adopt the same critical posture that you would when interviewing a contractor or a mechanic, even though you're not an expert in their fields either.

If nothing else, make sure you probe to see whether an advisor is truly interested in, and capable of, working in your best interests. When shopping around for an advisor, put candidates to the test by asking the key questions below. The answers to these questions should be a guide as to whether or not you should hire a particular financial advisor/planner:

1. **What financial planning services do you offer?**

   When you interview financial advisors, ask them what services they can offer you. Their answers will depend in large part on the type of advisor they are. There are three distinct types, each with its own unique characteristics:

   a. **Financial planners -** In general, a financial planner is an advisor who will work with you to develop a written financial plan. This plan is designed to be a road map that will help you structure many key areas of your financial life, such as spending, cash flow, saving, investment management, retirement planning, and college planning. Typically, financial planners charge an hourly fee or a project-based fee to create a plan. What's more, financial planners often do not make specific recommendations or help implement the plans they create. Instead, they may refer you to other professionals who have the expertise and capabilities to implement the plan.

b. **Investment advisors -** Also known as asset managers, investment advisors will help you build a portfolio of investment vehicles (such as stocks, bonds, mutual funds, and exchange-traded funds) designed around your long-term investment goals and your risk tolerance. They typically do not address non-investment financial concerns, such as estate planning or asset protection. Some investment advisors charge a fee for their services (such as an hourly fee or a fee based on the amount of assets you have with them). Others, commonly called brokers or stockbrokers, are paid a sales commission for each particular investment product they sell you.

c. **Wealth managers -** Wealth managers work closely with you to address your full range of financial concerns, challenges, and opportunities in a comprehensive manner. Wealth managers often partner with teams of specialists to design and implement coordinated plans for managing your investments, estate plans, charitable endeavors, taxes, business issues, stock options, and various forms of personal and professional risk management. The strategies used in any one of these areas are designed to work in concert with strategies undertaken in all the other areas, so that everything works together and nothing is overlooked. Wealth managers charge fees, such as an annual fee or a fee based on the amount of assets you have with them.

Advisors' available services will also depend on precisely which certifications and licenses they have earned. For example, in order to sell insurance, an advisor is required to have a license in your state. The other reason to ask this question is if your financial advisor does not perform a complete (your life from now until death) financial plan for you (and your immediate family); in this case, they are less likely to provide you with the Investment Consulting and Advanced Planning services you may require.

Ultimately, you want to work with someone whose offerings suit your needs.

Be sure you understand the financial planning process. Provide all relevant information about your financial situation. Don't hold anything back. Once you have hired your chosen advisor, make sure to ask questions about the recommendations offered to you, and play an active role in decision-making. Keep in mind that financial planning cannot change your situation overnight. It is truly a lifelong process. Events beyond your control—such as changes in the stock market, inflation, or interest rates—will affect your financial planning results. Continue to have a meeting with your advisor every six months to a year to ensure your plan is on track and will be a success for you and your family.

2. **What is your experience as a financial advisor?**

It could be helpful to know how long your prospective financial advisor has been in practice and where he or she worked prior to their current employer or firm. Ask for some examples of how the advisor has helped with wealth enhancement (being very tax-efficient in Investment Consulting and perhaps with your business). Other experience an advisor should have is working on wealth transfer—making sure all of the accounts that you and your family own and your assets (your home's land, mineral rights, etc.) are papered correctly to transfer to your chosen beneficiaries. Ask if he or she knows the best way to give to charities so the charities receive the most money, with less going to Uncle Sam. Ask an advisor for examples of how they helped a client with wealth protection. You don't want your assets unjustly taken from you in a lawsuit. If they cannot describe one or two instances of how they helped a client with this very important aspect of

Advanced Planning, you should probably interview your next candidate.

3. **What are your philosophies or views on financial planning?**

   Each financial planner brings a different set of approaches to advising clients. You can start by asking the advisor about the types of clients they like to work with. Try to make sure they work with individuals in situations similar to your own. As you can tell from my book, I work very well and very in depth with women in business, as well as widows and divorcées. Your prospective financial advisor should be able to articulate the kinds of people they currently give guidance to and what kind of financial plans they have developed for them.

   Advisors tend to segment clients into groups of people with common traits. You want to be in the group that comprises the majority of the advisor's clients. You don't want to be a one-off, because you don't want to be paying an advisor to learn on the job how to best serve someone like you.

   Also, most advisors tend to focus on people within a decade or two of their own age. They often feel a sense of commonality with clients and understand their issues from personal experience.

4. **Within your firm, who else will be working with me?**

   Quite possibly your financial advisor will have other people working on your account. If the advisor receives assistance from others in the same office, then you might want to meet with those other individuals. That's especially important if they are going to be providing assistance in a key area and working with you closely. Your prospective financial advisor might also use the services of professionals outside their office, such as attorneys, CPAs, and property and casualty insurance providers. You might then ask your prospective financial advisor for the names and contact details of those individuals and check their backgrounds for yourself.

   This question will also help you get a sense of how often you'll likely be in touch with your advisor. Some will say, "I'll meet with you once a year, but my associate will reach out to you regularly. He/she is my right-hand person and does a lot of data gathering for me." Some firms have a team approach rather than an individual approach. One isn't necessarily better than the other. It's really based on your personal preference. Just don't get into a relationship and say, "I see my advisor only once a year, and I thought I'd be seeing him/her more often." On the other hand, some clients prefer the team approach because they know if their planner is on vacation, they can still get an answer right away.

A J.D. Power and Associates survey found that clients who were contacted twelve or more times a year had the highest rates of satisfaction with their advisors. Meanwhile, a number of CEG Worldwide surveys have found that advisors who have frequent contact with clients have significantly higher client retention than advisors who don't—regardless of the market climate or investment results.

5. **How do you get paid for your advice?**

   Quite often, there are situations in which a financial advisor's business relationships or partnerships outside the firm affect their personal judgment with respect to your account and Investment Consulting. This could be a disincentive to acting in your best interests. For example, you should be made aware if your advisor has a relationship with other companies from which the advisor receives a financial benefit by selling a mutual fund, insurance policy, or annuity.

   You want an advisor who succeeds by making money for his or her clients, not primarily for himself or herself. This is the rationale for the fee-for-service compensation arrangement that most advisors use—typically one-percent annually of the value of the assets they're managing for you.

6. **Can I get the scope of work in writing?**

   Your financial advisor should be willing to provide you with a written agreement that sets forth the most significant terms of your professional relationship. At a minimum, the agreement should set forth exactly how the financial advisor will be compensated and whether or not they will act as a fiduciary with respect to your account. You also want to know up front whether there are any actual or potential conflicts of interest with your advisor's other professional activities.

7. **What is your process for bringing new clients on board?**

   If there is none, that's a problem. If an advisor's answers fail to show a thorough process for getting to know you and learning about your assets, goals, values, and risk tolerance, then the advisor likely won't render you good service. A desirable onboarding process might involve an extensive interview, a written questionnaire, or both.

8. **Are you registered as an investment advisor?**

   Ask if the advisor's firm is a registered investment advisor (RIA). This registration can be made at either the state or the federal level. Ask how the advisor will inform you when they are acting as a sales agent (getting a commission for the sale of a product to you) of the firm and when they will be acting as an investment advisor (receiving a flat fee or percentage of your assets that they manage).

9. **What are the potential conflicts of interest?**

   If your advisor is going to open a brokerage account (that means the advisor will receive commissions on any products bought or sold within that account), ask the advisor to advise you of potential conflicts they may have when recommending certain products to you. Ask how they will disclose those conflicts of interest prior to your purchasing the product, including any payments or incentives they will receive.

   If the advisor is going to open an advisory account (that usually means the advisor will get a percentage of the assets within that account), ask what the percentage fee will be going forward. Also, ascertain if the fee will go down in percentage for larger amounts of assets under the advisor's management. In this case, usually the advisor will be making more money if your account increases in value. Conversely, they will make less money if your account balance moves in a downward direction (i.e., has fewer assets in it [usually due to market fluctuations]). Be aware that if the advisor purchases insurance or annuities within an advisory account, they may still get extra incentive pay for selling those products. If the insurance or annuities are indeed what you and your family need to help protect you, then it is proper to do the transaction and have the advisor receive compensation.

10. **Where do you want to take your firm down the road?**

    You'll want to ensure that your long-term interests are consistent with the advisor's long-term interests. Is the firm planning to expand vastly from a boutique operation to a mega-firm with many more clients, thus potentially making you less important? Or is the plan to scale down, to become more of a boutique, and to raise minimum investment requirements so high that the firm may not want you any longer?

11. **Could I see a sample financial plan?**

    There is no one set structure for a financial plan. Some advisors might share fifty pages of materials and others might provide a five-page snapshot of your financial situation. With a sample, you can say, “I really want that in-depth analysis” or “I don’t understand that.”

12. **What is your investment approach?**

If you have a strong preference for a particular philosophy, ask the advisor for his or her investment philosophy. For instance, if you prefer to use low-cost funds, you can ask whether they plan to use actively managed funds or passive investments.

13. **What makes your client experience unique?**

Another way to phrase this is, “Why would I want to work with you instead of someone else?” A good advisor should be able to answer this question without hesitation. This will also give you insight into whether their strengths are the ones you seek in a planner. You might also want to be honest with yourself about what you really seek in an advisor. It could range from having a “financially savvy best friend” to someone who is passionate about maximizing returns in the market.

Conclusion

The answers to these questions should help you make an informed decision. I also encourage you to ask yourself if you feel the advisor is trustworthy and if you’d like to spend a lot of time with this person. Ideally, you will take a lifelong journey with this new advisor, so make sure you enjoy their company and feel comfortable with them going forward.

BONUS 2

FINANCIAL CHECKLIST FOR WIDOWS AND WIDOWERS

I know firsthand how difficult and overwhelming widowhood can be—especially the earliest stages. When I lost my first husband, Rick, as a result of a scuba diving accident, my world turned upside down in a heartbeat. I had very little guidance about how to navigate the next challenging chapter of my life. I wish I'd had a checklist then like the one below. It's so important when you are grieving and feeling vulnerable not to get overwhelmed or make quick, rash decisions.

If you're a recent widow(er), or know someone close to you who is, the checklist below will help you break down your action items into smaller, more manageable immediate, midterm, and long-term goals.

In the First Week

Take care of yourself! Eat healthy and move your body a little; those two things will make a big difference. As you begin the grieving process, surround yourself with a support network of family, friends, and experts.

As part of your overall network, your wealth manager can help you with a number of details that need fairly immediate attention.

My suggestion is to immediately notify the following:

- Your financial advisor
- Your insurance agent
- Your attorney
- Your accountant

Check your safe-deposit box before talking with your banker! Be very careful about what you put into a safe-deposit box, because banks may not give loved ones or trusted advisors access to the box after your death. This prevents family members from accessing important items, including documents such as wills, insurance policies, valuables, etc. (even someone with a power of attorney may not have access!).

Immediate Financial Needs

- Funeral expenses: Review any prearrangements or burial requests that the deceased may have made in advance and given to you or other family members. If no prearrangements were made and you are tasked with making funeral arrangements, strongly encourage family members to help you. At such an emotional time, it's easy and common to spend more on funeral costs than is prudent or necessary.
- Have your wealth manager arrange access for about six months' living expenses if you don't already have it.

Immediate Documents Needed

- Death certificate: Make ten to fifteen copies. You will need the death certificate for execution of the will, to make changes to deeds, for banks, and for notifications to employers. Be sure that one copy of the death certificate has a raised seal.
- Birth certificates: You will need yours and your spouse's, as well as your children's.
- Social Security numbers: You will need yours and your spouse's, as well as your children's.
- Last will and testament: If there is no will, your advisors should be able to give you guidance.
- Mortgage documents

- Deeds
- Trust documents
- Insurance policies
- Bank statements
- Investment and retirement account documents
- Military papers, if appropriate: Veterans may be eligible for burial benefits. See www.va.gov.

Immediate Contacts (Within the First Week)

- Call the local Social Security office. Go here for guidance directly from the SSA. You may have survivor benefits.

- Spouse's employer: Benefits may be available to you. Your spouse's human resources department can help you. Ask about life insurance, COBRA healthcare coverage, compensation due, 401(k), pension benefits, or profit-sharing proceeds. Also remember to ask for any personal items and personal mail (remember to ask for personal emails and have them deleted if you'd like while you are there). If you don't want to go to the office, have items sent to you and request that the company delete personal emails.

  NOTE: If your spouse was self-employed or a partner in a business, ensure that you have copies of all legal documents pertaining to ownership of that business (e.g., buy-sell agreements, shareholder agreements, insurance policies). Ask your wealth manager for help in determining survivor rights and responsibilities.

- Life insurance company
- Health insurance company
- Mortgage company: Check to see whether your mortgage insurance would pay off the debt.
- Any other loans you may have (e.g., car loan, bank loan, student loan)
- Credit card: Find out if there is a payoff clause in the event of a death. Cancel any cards in your spouse's name.
- Utility companies

Open and read all mail (or have a loved one do it for you) that's addressed to your spouse. Collect information and statements from all accounts, including those you may not have known about. Do not pay any bills incurred by your spouse out of your personal account. The estate is responsible for settling with all creditors.

Within the First Six Months

- Meet with your wealth advisor to discuss your investment portfolio, assets, income, and financial needs.
- Make a list of all assets, possessions, and anything specified in the will. You will need this for estate tax purposes.

- Complete the steps to finish with probate/complete will wishes/trusts. Ask your wealth manager and attorney to guide you. Remember the digital programs that were subscribed to by your spouse (e.g., smartphone apps and websites that require yearly or monthly payments) and have them stopped, if needed.
- Begin planning for your own estate, taxes, philanthropy, and protections with your wealth manager. (See my eBook for more guidance about how to accomplish this. The book details how to plan for your children or extended family and your favorite charity to receive your estate as you wish.)

Remember to Check These Out

- Frequent flyer and hotel guest points
- Credit card points
- Social or organizational benefits
- Scholarship opportunities for college/universities
- Digital points at restaurants and other local establishments

One final caution: Obituaries often elicit legitimate condolences from friends and past acquaintances. But they can also trigger solicitations from companies hawking home repairs, annuities, reverse mortgages, and other products and services. Even if you do want or need these services, tread very carefully and do your due diligence before signing any contracts or agreements.

When You Are Finally Thinking of Remarriage

Plenty of books and articles offer financial planning tips for widows and widowers mourning the loss of their spouse—and often the loss of that spouse's income. **But few address the financial issues that widows and widowers face as they move on and pursue new romantic relationships**.

For instance, widows who remarry before age sixty forfeit their late spouse's Social Security benefits, and both partners may have concerns about comingling money later in life, when long-term care costs and estate planning are top of mind.

While some couples prefer remarriage for emotional or social reasons, this complicated web of financial concerns has caused a growing number of older couples to choose cohabitation instead. (Of course, if you live in a state that recognizes common-law marriage, the state may still view you as married.)

Here's a look at the financial issues widows or widowers should consider as they recouple:

- **Children from a previous marriage**: Consider how remarriage might affect your existing family. For instance, if you have children who are attending college on financial aid, your new spouse's assets may be factored into the expected family contribution and change the student's financial aid eligibility. When you comingle assets, there may be some difficulty with qualifying for aid, because if you're filing jointly, you've got more income than you would have if you were filing as a single person.

Adult children may have concerns about how a remarriage will affect their inheritance or the family structure in general. You need to discuss these concerns up front. Open communication and sharing the actions you've taken to protect your children are keys not only to helping the children get through the process but also to helping the new marriage.

Estate lawyers often use a Qualified Terminable Interest Property (QTIP) trust with clients who have children from a prior marriage and want to provide for a surviving spouse. After the survivor passes, the money goes to the client's children.

- **Survivor benefits**: If you rely on income from your late spouse's pension or on his or her Social Security or veterans' benefits, you'll want to find out if you're eligible to collect these benefits after a remarriage. With private pensions, the answer will vary. Some traditional pensions will not continue to give survivor benefits if you remarry. Accounts that are a hybrid between a traditional pension and a 401(k) may be more flexible.

In general, surviving spouses who remarry before age fifty-seven cannot collect veterans' survivor benefits, but those who remarry ***after*** age fifty-seven, and who were receiving monthly payments before remarriage, may continue to receive those benefits.

For Social Security benefits, the cutoff age is sixty. Not surprisingly, a 2001 study by the Social Security Administration Office of Research, Evaluation, and Statistics found that since the law changed in 1979—allowing widows or widowers to remarry after age sixty and continue collecting Social Security benefits—there has been an increase in remarriages after age sixty and a decrease in remarriages under age sixty.

- **Long-term care**: Given the high cost of long-term care—a private room in a nursing home can cost over $100,000 annually in some metro areas—having a partner who needs that level of care could strain both of your bank accounts. If you're married, you'd need to spend down both your and your spouse's assets before your spouse would qualify for Medicaid, even if you had a prenuptial agreement stating that certain assets be kept separate.

Consider buying long-term care insurance *before* you need it. If the new spouse doesn't have many assets, maybe one of the things that the richer spouse can do is provide a policy that covers both of them. People are living a lot longer than they used to, and they may have delayed-onset Alzheimer's or some other chronic problem that's going to require a lot of care. Either way, you should discuss your healthcare preferences with your partner in case something happens to you. Also consider signing a healthcare proxy form if you're not married and want your partner to be able to make medical decisions on your behalf should you become incapacitated.

- **Real estate**: Before moving into a new partner's house, or vice versa, discuss what happens to the house if the owner dies. Should the house go to that person's family or should the property be titled jointly? One option is to use a life estate, in which the other partner (called a life tenant) stays in the home for his or her life span, and then the property passes to the owner's family after the life tenant's death.

  AARP advises couples to discuss how the property could be adapted as they age. Is the house you're currently living in appropriate for you to live there the rest of your life? Some homes may be unsuitable, while others could be adapted with ramps to the entrance or grab bars in the shower.

Couples considering remarriage may also want a prenup (called an “antenup” in some states). Life gets more complicated as you get older. That makes it harder when you comingle your life and financial situation. But the prenup is a discussion process that helps you and your spouse figure things out. The prenup also makes the relationship official. Those who are already married could use a postnup instead.

Conclusion

By following these steps and keeping your immediate, midterm, and long-term action items in perspective, you’ll have a road map for navigating this challenging next chapter of your life with more confidence and peace of mind than you ever thought possible.

BONUS 3

PREPARING FOR DIVORCE

- **Get a good lawyer.** For many women, the cut-throat way is not what they envision for themselves or their husband (calling him her best friend). Even if you are not a fighter, be wise and visit several lawyers before choosing the one who understands what is important to you. Make sure they have the experience of doing what you need and that they've done it successfully many times over the years so it's easy for him/her to help you.

- **Go to your doctor and get a complete checkup.** If you have unpleasant findings you need to know now. Financial support for ongoing medical issues should be part of the discussed and divorce agreement. Some ladies even find that talking to her doctor is helpful. No matter what, it's always good to have a complete checkup to know where your health stands before going down the road to divorce.

- **Get all financial stuff copied and stored in a safe place.** Anticipate at least the very least a bit of a fight, men tend to fight for things and money whereas women tend to want to make sure the kids are okay. Sometimes things are agreed upon quickly and easily but far too often it becomes the “fight of your life” and we no longer recognize that person who was once was our best friend. You need to make sure you know where you stand financially. Have printed copies of all accounts and values of homes and other assets in a safe place. You may want to separate checking accounts quickly (through the attorneys) because he often starts to spend money on a new lady interest. Having the separate checking accounts can help ensure that you don't pay for his frivolousness or on a new lady.

- **Journal everything every day, preferably in a bound and dated diary.** In case you need to back up abuse in any way, in case you need to defend yourself, or if he's playing games you will have it journaled. Courts accept journals as evidence. It is not wise to have pages torn out so take care in your journaling as lawyers and a judge may read your every word (which will help you in the long run).

- **Journal your emotional path.** Expect the same symptoms of grief that you would feel if he had died. Some days are better than others, learn to identify them and be grateful for them.

- **Cut off as much contact with him as you possibly can.** I've been told that each time you see/speak/hear anything to do with him is just like being hit hard in a dangerously bruised place. The less you know about his new life, the better. If you have a child, the dad is usually somewhat involved. During the actual divorce time have most of your communications go through the attorneys to help you keep you from making emotional decisions you will ultimately regret later. Do all that you can to encourage your child(ren) to work through his stuff, encourage them to keep open minded about their dad because, like it or not, kids usually need both parents (providing both parents are being decent around the child(ren)). In addition, you are no longer a part of their relationship or of any new relationship of your child(ren) and a new lady in your ex's life.

- **Exercise. Be very kind to yourself and pamper yourself.** Go to the movies to escape your frenzied pace and relax for a couple of hours. Focus on your health and do daily activities that helps your body energize and for you to experience self-love. Dreams and goals (that are a week out, or perhaps a month out) are important because they give you something to focus on. Believe in yourself, you have accomplished many great things in your life. Remember that you are your child's role model and you don't want to do anything that would bring them shame, like bad-mouthing his/her father or behaving badly. You will want to look back on this time being proud of yourself because you did it so well. If you don't misbehave there will be no reason for guilt or evasion. Remember the mantra of 'Grace, Dignity and Ease' ~make it yours. Sometimes those three words will ring in your head when you want to lash out and hurt him.

- **Get involved**. Online communities are available for your frustrated, 3:00am, can't sleep time. Go help at your kid's school, help a girlfriend with any of her issues, or volunteer at a local church or city center. When you take on other people's problems and help solve them, it helps you move through yours with more grace and ease.

The good news is that this part of your life will not last forever. There is a sparkling light at the end of the tunnel (which for some if quite long and very dark). And quite possibly you will experience that there has never been a growth spurt quite like the one you've embarked upon. You'll learn how strong you are, how resilient you are, how amazing you are.

A Note from the Social Security Association:

If you’ve never asked Social Security about receiving benefits based on your ex-spouse’s work, you should. Many women get a higher benefit based on their ex-spouse’s work, especially if that spouse is deceased. When you apply, you’ll need to give your spouse’s Social Security number. If you don’t know your spouse’s number, you’ll need to provide your spouse’s date and place of birth and your spouse’s parents’ names.

The following requirements also apply to your divorced spouse if your ex-spouse’s eligibility for benefits is based on your work.

If your ex-spouse is living

If you’re divorced, you can receive benefits based on your ex-spouse’s work if

- Your marriage lasted 10 years or longer;
- You’re unmarried;
- You’re age 62 or older;

- The benefit you're entitled to receive based on your own work is less than the benefits you'd receive based on your spouse's work; and
- Your ex-spouse is entitled to Social Security retirement or disability benefits.

If your spouse hasn't applied for benefits, but can qualify for them and is age 62 or older, you can receive benefits on your ex-spouse's work if you've been divorced for at least two years.

NOTE: Former spouses who are full retirement age may both file on each other's record and postpone applying on their own to earn delayed retirement credits.

OUR COMPANY

OUR MISSION

Silver Sail Wealth Advisors was founded in 2010 with the goal of assisting our clients in every aspect of their financial lives. Our goals are to work toward building and protecting every client's financial position, help simplify their lives, and be accountable for our work. We use all the tools available to guide our clients in acquiring, preserving, and transferring wealth according to their wishes. We offer access to portfolios that include innovative risk management strategies. You can seek the performance you need while reducing potential risk that exceeds your comfort level.

We provide the most comprehensive and personal service available, thus earning a reputation for excellence in our industry. For each of our clients, we strive to create financial stability and security to provide financial independence. Our clients tell us they have confidence in their financial futures.

Our Commitment

Our staff consists of experienced professionals who employ the hands-on approach to financial guidance described in detail in this book. Not only will you find our team members knowledgeable, but you will also discover that our staff truly cares about helping you work toward making your dreams a reality. As your financial professionals, we will do everything in our power to keep you focused on where you want to go, advise you on how to get there, and continually remind you of the importance of maintaining a disciplined approach to pursuing your dreams. Our overarching goal is to help you address your five biggest financial concerns: preserving wealth, mitigating taxes, taking care of heirs, ensuring assets are not unjustly taken, and charitable giving.

Our Principle

Our company is based on the principle that education about and understanding of your current financial situation are both vital to successfully making prudent decisions concerning your future financial condition.

Many widows, divorcées, and women in business enjoy a Wealth Management relationship with us for some of the following reasons:

- We're in the top 10 percent of producers in a male-dominated industry.
- We're active advocates of women veterans.
- We're members and advocates of widow support groups.
- We're valued friends and confidantes of our clients.
- Our firm is headed by a stepmother and step-grandmother.
- We are successful business owners ourselves.
- We've been single parents of school-aged kids.
- We've been divorced and widowed.
- We're primary caregivers for elderly parents.
- We're students of the unique financial/family legal issues for lesbians.
- We've faced decisions about major surgeries.

Community Involvement

Silver Sail Wealth Advisors® takes great pride in our involvement with our community. Our support of organizations and advice given through educational seminars are recognized and appreciated by businesses and residents. The charitable organizations we have supported include:

- Grace After Fire
- Heifer International
- Galapagos Conservancy
- Susan G. Komen for the Cure
- Red River Community House
- Attitudes & Attire
- Prince of Peace Community Church
- Dallas Symphony Orchestra
- Madonna House
- Kiva

Contact Us

If you or a close friend or loved one has any questions about your current financial situation or wishes to schedule an appointment, please contact us at (972) 608-2624.

What to Expect from our Second-opinion Service

We will meet with your friends, family members, and associates for a Discovery Meeting. Assuming that we both agree that we have a basis for working together, they will return for the Investment Plan Meeting. Hopefully, we can confirm that they are on track to fulfill their values and achieve their goals with their current financial provider. If needed, we will suggest ways in which we can help, including recommending another provider if we are not a good fit for their needs. Either way, they'll receive a Total Client Profile and a personalized analysis of their current situation.

www.silversailwealthadvisors.com

Christi Staib, President christi.staib@lpl.com

LEARN ABOUT CHRISTI STAIB, MBA

PRESIDENT, SILVER SAIL WEALTH ADVISORS®

Christi Staib is the President and Wealth Manager of Silver Sail Wealth Advisors®, a wealth management business based in Plano, Texas.

Christi has been a registered advisor at major wirehouses for over a decade and is currently a registered principal of LPL Financial, the largest independent broker-dealer in the United States (based on total revenue as reported in Financial Planning magazine, June 1996-2018).

Christi focuses on providing wealth management strategies to women around the world. Together with her partners, she helps her affluent clients address their five biggest concerns: preserving their wealth, mitigating taxes, taking care of their heirs, ensuring their assets are not unjustly taken, and charitable giving.

Christi uses a consultative process to gain a detailed understanding of her clients' deepest wishes, values, and goals. After careful work and research, she then employs customized recommendations designed to address each client's unique needs and goals.

Entrepreneurs, widows, and divorcées work with Christi to do the following:

- Develop and implement a comprehensive Wealth Management plan to help them strive toward their financial dreams
- Make educated decisions (helping remove the emotional ones) in today's uncertain political, socioeconomic, and social environments
- Receive a second opinion from an acclaimed wealth manager in their community

Christi is uniquely positioned to understand the unique needs of women entrepreneurs and widows. An entrepreneur herself, she runs a thriving wealth management business in Plano, Texas and earned an MBA over two years from Baylor University. She also experienced becoming a widow in 2001.

In 2007 Christi was a member of the Winner's Circle for being in the top 10 percent of her peers at Merrill Lynch. In 2008, she became a member of the Executives Club while at Merrill Lynch, earning the title of vice president. In 2009, she was recognized as a Five Star Wealth Manager – Best in Client Satisfaction. She's also earned the 2012–2020 Five Star Wealth Manager – Overall Satisfaction as well, being in the top 3 percent of the wealth managers in the Dallas/Fort Worth area. LPL Financial recognized Christi for outstanding client service in 2014 and 2016 as a Freedom Club Member and in 2017–2020 as a Directors Club Member.

Christi lives in Plano with her husband, Bob. She has four children and ten grandchildren through her marriage.

Education

- B.S., Management, Colorado Mesa University, Grand Junction, Colorado
- M.B.A.; Management, Finance, and Economics; Baylor University, Waco, Texas

Registrations and Licenses Held

- Series 7 General Securities Registered Representative*
- Series 3 Futures and Commodities*
- Series 63 Uniform Securities Agent State Law*
- Series 65 Uniform Investment Advisor Law*
- Life Insurance, Health Insurance, Variable Annuity*

* Registrations held through LPL Financial

For a list of states in which we are registered to conduct securities business, visit website at: www.silversailwealthadvisors.com

Staib Wealth Management DBA Silver Sail Wealth Advisors® and the Five Star Program are not affiliated.

Crescendo Business Services identifies Five Star Wealth Managers by asking consumers to evaluate their manager(s) based on eight criteria: customer service, integrity, communication, value for fees charged, meets financial objectives, post-sales services, quality of recommendations, and overall satisfaction. After filtering through the responses and further evaluation, Crescendo compiles a list that identifies the Five Star Wealth Managers.