



INTEGRATED WEALTH MANAGEMENT

— FORWARD THINKERS —

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The Three Phases of Estate Planning

Part Two: Family & Philanthropy

This article is a follow-up to our last newsletter...



By achieving a clear picture of the three phases of estate planning, we have found that families are able to sustain momentum in planning. By understanding when they've completed one phase, they free up brain space to tackle deeper or more advanced planning – both in terms of issues and opportunities.

The previous issue referenced Phase One: Protecting your lifestyle and securing your spendable cash flow; and began to delve into Phase Two: Development of Your Family Legacy.

Phase Two (continued): Development of Your Family Legacy

When deciding how much to pass to children, and how to manage the transition of the assets, consider that your estate could likely double in value over the next ten years. While 30% represents a reasonable figure today, it could be twice that amount a decade from now.

Here are some questions to pose to yourself or your advisory team. They can be used to begin or further your thinking around family legacy planning:



- Assess each of your children's current ability to manage a large asset pool. Rate each child on a scale of 1 to 10. A score of 10 means they are completely equipped.
 - Which assets would you like to ensure remain in the family no matter what? Perhaps there are real estate or family heirlooms to consider.
 - Once assets are passed to children, what structures are in place to protect those assets from creditors or divorce?
- What opportunities would you like your children or grandchildren to have, that you didn't have growing up (owning a home, college education)?

Is the advisor who helped establish your estate or business succession plan likely to be working (or retired) when the plan is executed? What provisions should be made to help ensure there's a clean transition? We find there is more work to be done when it comes time to execute the plan than there is in creating it in the first place.

Phase Three: Creating a philanthropic vision

Once a family feels their lifestyle will be protected, and a solid family legacy plan is in place, it allows room to create a vision surrounding the substantial impact you can have on a particular issue or organization. Philanthropy offers a chance to redirect your excess wealth with intentionality instead of by default through taxation. If you feel you are ready for Phase Three planning, assemble an advisory team that has the tools to help you think big as well as the expertise to execute complex charitable strategies accurately and efficiently. Also keep in mind that your advisors will need to monitor strategies annually to make sure they hold up against current tax law and economic factors.

If you have questions about this or other planning issues, please give us a call.

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