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Why are so many affluent families walking around with ill-equipped or incomplete planning?

Nearly every time we meet a new family, we encounter one of two mindsets. The first is the perception that their planning is done and no further work is needed. In the second, the individual says he or she is done, yet seeds of doubt tickle at the backs of their brains. Everyone we are referred to is highly professional, intelligent and successful. So why are these two scenarios so common?

In the first scenario – where a lack of perceived need exists – the situation has typically played out as follows. The individual has approached an attorney and completed several estate planning documents. In this light, their perception is that the work is done. Many established families aren't aware that it's not the attorney's role to ensure the estate tax liability is managed or eliminated. They handle the legal side only, not the financial side as it interplays with the legal aspects.

The impact of a la carte planning

Many families handle needs as they arise over the years with various attorneys, CPAs and financial professionals. The concern with this is simple: how do you know what you don't know? Consider a medical analogy. If you go to the doctor and he prescribes medication, he first asks you what you're already taking. He wants to understand whether your current regime is going to work well with your new prescription. In planning, few families are aware of the need for a cross-disciplinary look at their situation.



What's your definition of done?

Another scenario is that all of the tangible assets have been categorized or managed, yet the intangible assets – things like values, attitudes and preferences – haven't been addressed. How can these be captured and shared along side your hard assets? This is an important part of the broader story that your legacy will tell generations down the road.

Lingering seeds of doubt

Why is it that so many established families have a host of legal documents, brokerage accounts and insurance policies, yet they still can't sit back and totally relax about their affairs? Sometimes it's a lack of understanding about what's in place and why. In addition, successful people often feel they *should* understand it. They don't realize that their neighbors and golf buddies don't understand theirs either. Secondly, there are often a myriad of family issues to work through – how much to each kid, how much to charity, who's ready, who's not. Without a process for knowing where to start, the human brain tells us to do nothing.

When reflecting on the planning you've engaged to date, consider the process and the professionals who were at the planning table. Consider having an audit of your planning. Look for a professional who can see across a variety of disciplines at once, as well as someone who enjoys the vision development part of planning. You may find both traits in one firm or perhaps you'll need to assemble a team.

And, as always, please feel free to call us with questions regarding this or other planning topics.

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