



## INTEGRATED WEALTH MANAGEMENT

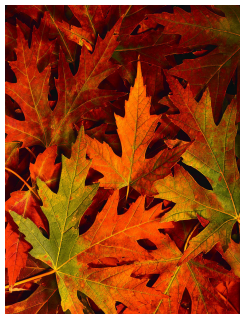
— FORWARD THINKERS —

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### The Three Phases of Estate Planning: Self, Family & Philanthropy *Article Part One of Two...*

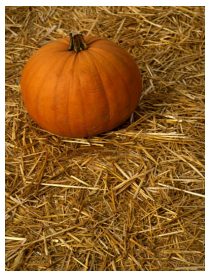


For many families, estate planning moves in waves. Certain baseline decisions and protection mechanisms must be put in place before one can move into the next realm of decision-making. We have outlined the three major phases so that families may assess where they are currently, and make progress toward the next phase accordingly.

#### **Phase One: Protecting your lifestyle and securing your spendable cash flow**

Many families address Phase One planning but find themselves perpetually dabbling in this arena without fully moving past it. To effectively *complete* planning in this phase requires a tangible financial component as well as an element of emotional confidence. The financial facet requires sophisticated cash flow modeling that is both thorough and understandable. It should be entirely personal to your situation.

Ask your advisors to provide a one-page projection that includes all of your assets, with their varying growth and income levels, and various tax advantages and disadvantages. The projections should account for timing issues as well – perhaps you have a current annual expense that will disappear in five years, or you know that in three years, you'll have a one-time six-figure expense.



The emotional component of Phase One surrounds adopting gut-level confidence that you have enough. Most self-made people have become financially secure because they are savers and investors. It's tough to flip a switch and change your mindset to spending what you've successfully amassed.

The change in mindset or comfort level can be partially achieved through the modeling described above. Another component is the structure of your portfolio, and how it generates spendable cash flow.

Sometimes families are pointed so much toward the long term, it's easy to lose sight of the need to feel financially confident day-to-day. Through a proper allocation of stocks versus bonds, proper asset allocation and proper diversification, you can help ensure that certain assets are intentionally positioned for short-term consumption while others are structured for long-term investment.

#### **Phase Two: Development of Your Family Legacy**

Once you have taken the steps to feel confident – emotionally and on paper – regarding your financial independence, many families find they are ready to give greater consideration to the legacy they will leave their children and grandchildren. Sometimes the children could use some financial assistance now. Other times, there's a fear the heirs aren't financially responsible, and couldn't effectively handle an influx of cash now or in the future.

In our next issue, we will address thought provoking questions to ask yourself or your advisors regarding family legacy planning.

We will also address ways to explore and become more active in philanthropic planning without threatening your financial lifestyle or your family legacy allocations.

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

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