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Private Wealth Management

Building Your  
Financial Strategy

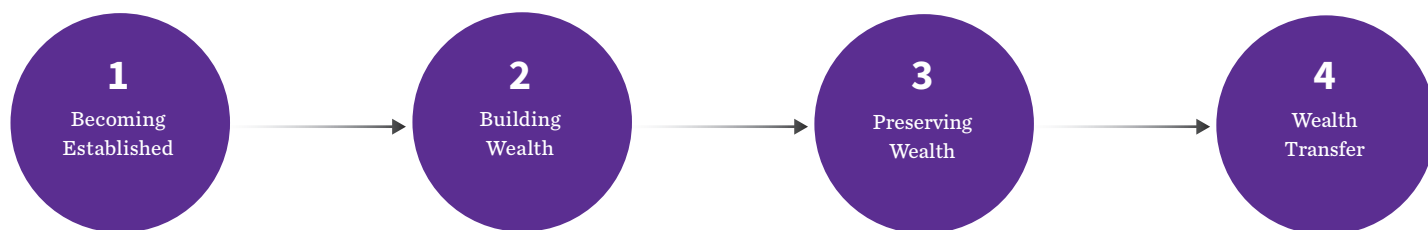


# Building Your Financial Strategy

Planning for an entire lifetime of financial decisions can seem like an overwhelming task. Navigating this process, however, becomes much more manageable when you realize that one's financial life typically occurs over four phases. By identifying your priorities and the decisions to be made during each phase, you can create a manageable and strategic plan for keeping your financial plan on course.

## EXHIBIT 1

### Four Financial Phases



#### Phase 1: Becoming Established

This phase generally spans the first decade of your career and post-college life. This is a great time to build a solid foundation and establish valuable habits that will serve you well throughout your life.

#### Planning Priorities

- Budget development
- Debt management
- Education planning
- Insurance planning
- Developing investment discipline
- Preliminary retirement planning
- Basic estate planning: will, living will, and powers of attorney for health care and property

#### Action Items

- Identify fixed vs. discretionary expenses
- Define short-term priorities vs. long-term goals
- Identify retirement savings vehicles (IRA, 401(k), company matching programs, etc.)
- Establish an emergency fund
- Quantify insurance needs
- Understand and strengthen your credit rating

# Building Your Financial Strategy (continued)

## Phase 2: Building Wealth

After you become more established in your family life and professional life, you will gradually transition into a phase where your focus turns to building wealth. During this stage, the picture of your available resources and spending needs will begin to come into focus, allowing for more meaningful long-term planning.

### Planning Priorities

- Liquidity management
- Systematic investing for retirement and education goals
- Continued retirement and insurance planning
- Income and capital gains tax minimization
- Enhanced estate planning – establishing trusts

### Action Items

- Track fixed vs. discretionary expenses
- Manage short-term priorities vs. long-term goals
- Review target asset allocation and rebalance
- Maintain an emergency fund
- Review insurance needs
- Maintain and/or improve your credit rating

## Phase 3: Preserving Wealth

After an extended period of building wealth, the next phase of your financial life focuses on preserving that wealth as you approach your long-term goals.

### Planning Priorities

- Retirement income planning
- Diversification outside of company stock concentration
- Liquidity management
- Credit management for leverage and tax benefits
- Income and capital gains tax minimization
- Advanced estate planning: intra-family wealth transfer and charitable giving

### Action Items

- Review estimates of retirement needs
- Adjust asset allocation to reflect capital preservation
- Identify potential sources of liquidity to pay estate tax
- Evaluate tax efficiency of income, investments, business assets, and retirement accounts
- Update estate plan to reflect evolving objectives and tax policy changes
- Begin executing charitable and intra-family gifting

## Phase 4: Wealth Transfer

Upon entering retirement, your focus shifts to enjoying the wealth that you have worked so hard to grow and protect. This is the phase when your careful planning comes to fruition.

### Planning Priorities

- Minimizing income and estate tax
- Balancing wealth-transfer and retirement needs
- Planning for independence in retirement

### Action Items

- Quantify how much you need to maintain lifestyle, philanthropic, and wealth-transfer goals
- Work with your trusted wealth advisor to determine “core assets” to fund retirement lifestyle and “surplus assets” for wealth transfer
- Identify which assets are best-suited (in terms of liquidity and tax treatment) for your retirement, charitable, and wealth-transfer goals



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