



ECHELON

VIRTUAL FAMILY OFFICE
WEALTH STRATEGIES
ASSET PROTECTION

A WEALTH PLANNING PROCESS FOR PURSUING SUCCESS ON PURPOSE

When it comes to managing wealth, it's pretty rare to stumble into success. We find the most successful individuals and families employ a specific process that is designed to anticipate hurdles and achieve desired outcomes.

KEY TAKEAWAYS

- Truly effective wealth planning occurs when you and your advisors have a deep understanding of you and the people in your life.
- Consultation with a team of experts is a key step for many families with complex needs.
- Since life doesn't stand still, ongoing monitoring and refinements are crucial.

We believe one of the best things you can do when managing wealth is to be extremely clear on what you're looking to accomplish and what hurdles stand—or could stand—in your way, and then develop a plan that reflects that full, deep understanding.

Why? Because we think you'll agree that success—in investing, in business, in life—rarely happens by accident. When you're clear-eyed about where you want to go and what could get in your way along the journey, you can both create a better map and build in better contingency plans.

The good news: There's a process you can implement in your financial life that can help you to resolve your issues and arrive at your desired destination. We call it the Virtuous Cycle because it's a multistep approach that continually reinforces itself over time to become increasingly positive.



Let's take a closer look at the Virtuous Cycle.

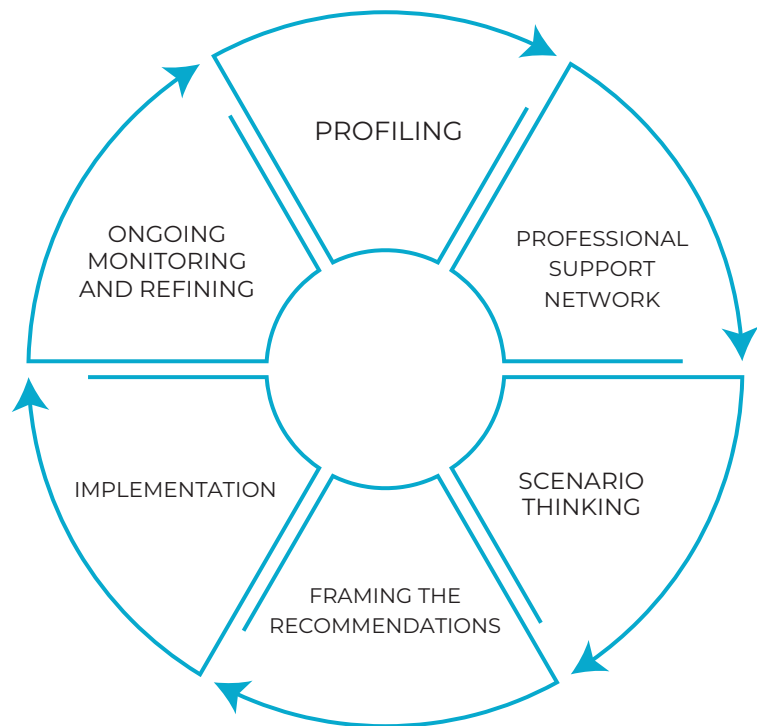
SIX STEPS THAT BUILD ON EACH OTHER

Operationally, the Virtuous Cycle has six components (see Exhibit 1). That said, it's also highly customizable, so think of it as a broad conceptual model for interpreting a plan and adapting it to your particular wants and needs.

EXHIBIT 1

The Virtuous Cycle

Important: *It's entirely possible that a financial advisor who uses this process doesn't call it the Virtuous Cycle. The key, then, is not to pay too much attention to the name—but rather to look for a process with the following components.*



STEP #1: PROFILING

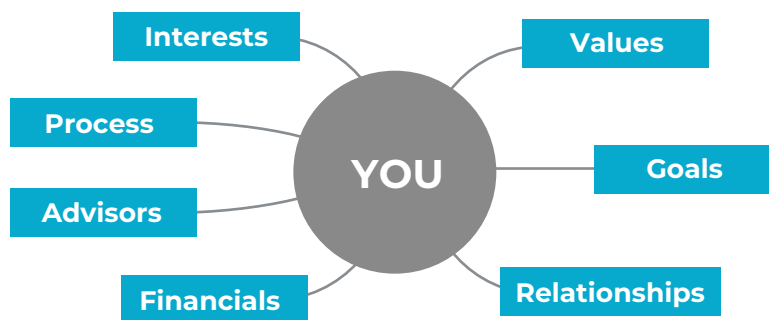
Truly effective wealth planning happens when you—and any financial advisors you work with, of course—have a deep understanding of yourself and the people in your life who will be involved in, or impacted by, your planning decisions. Without the ability to get at these insights, all the specialized financial expertise in the world or the most advanced solutions are of little use. It's a lot like a doctor treating a patient's illness: If the diagnosis is incorrect, the treatment is not likely to be effective in healing the disease.

That deep understanding has to include your financial situation and goals, of course, but also needs to go well beyond that information. Based on our extensive research on the rich and Super Rich and on the best practices of leading trusted advisors, we see that the best approach to gaining that deep understanding is through what we call a Total Client Model process. This approach is highly effective because it systematically uncovers your latent needs—that is, needs that you have but may not be aware of yet.

This Total Client Model (see Exhibit 2) is designed to address seven key areas of your life.

EXHIBIT 2

The Total Client Model



Values

- What is important to you about money? What are your guiding principles?
- Can you give me an example of an opportunity you turned down for ethical reasons?

Relationships

- What family relationships are really meaningful to you?
- What professional relationships would need to be addressed if something were to happen to you?

Goals

- What do you want for your loved ones?
- What professional obligations are most important to you?

Financials

- How are your assets structured?
- What are your liabilities?

Interests

- What are your favorite activities?
- Are there any philanthropic causes that are very important to you?

Advisors

- Who is managing your money?
- What is your banking relationship?

Process

- How do you prefer to communicate with professionals you work with (in person, by phone, by email, etc.)?
- Who else should be involved in meetings and planning sessions about your wealth?

By using this Total Client Model, you and your advisors can develop an extremely detailed and expansive understanding of you and your world. That information, in turn, allows your advisors to work effectively with a professional network of experts.

STEP #2: CONSULTATION WITH A PROFESSIONAL SUPPORT NETWORK

No one—not even the very best financial professional out there—is expert enough in all areas of managing wealth to deliver the highest-quality advice in all areas to highly successful, wealthy investors. Indeed, the best advisors realize that fact and therefore create and maintain strong networks of other expert professionals to turn to when necessary.

The very best of these professional support networks have four characteristics:

- **Specialized expertise.** The members of the network are some of the very best authorities in highly specialized or niche areas that are relevant to the advisor's clients.
- **Integrity.** The highest ethical standards are indispensable in all aspects of wealth planning.
- **Professionalism.** The network participants embrace professionalism in every way—from responsiveness to inquiries to consistent, ongoing learning.
- **Personal chemistry.** There's a high level of comfort and appreciation among everyone within the network—they all “play well together in the same sandbox.”

STEP #3: SCENARIO THINKING

With profiles created and the ability to tap the expertise of a professional network in place, advisors can then engage in scenario thinking with you. Simply put, this is a method of generating alternative futures—it’s the point where all the “what if” questions are asked and answered.

Some examples:

- “What if I die early, while the children are young? Who will decide when they should have unrestricted access to the money?”
- “What if my family—they don’t all get along too well—decides to start World War III after I’m gone?”
- “What if I want to pay the lowest possible tax bill on my investments without having to give up control over how the money is managed?”
- “What if someone wants to take advantage of us when we’re a lot older and not as with it?”
- “What if I want to sell off divisions in my company—how do I avoid paying capital gains taxes?”
- “What if someone falls in my building, hurts himself and sues?”
- “What if my husband decides to remarry when I’m gone and that person is looking only at dollar signs?”
- “What if I want to expand my business to other countries and want to legally minimize the amount of taxes I will have to pay?”

Wealth planners can address these and other “what if” questions. Actually, there are a number of different ways to deal with each of these matters. From the meaningful possible outcomes devised in this phase, the most viable course or courses of action are selected and discussed with the client and other trusted advisors and experts.

STEP #4: FRAMING THE RECOMMENDATIONS CLEARLY

At this point in the process, you’re looking for a wealth manager to communicate the various scenarios and recommendations to you in a way that makes a great deal of sense. Depending on the complexity of your situation, this might be very straightforward or quite complicated. What’s essential is that you understand—in broad strokes or in excruciating detail, depending on your preference—how the recommended solutions can enable you to achieve your agenda, and any limitations of those solutions.



Framing the recommendations is a well-developed skill among elite wealth planners. It demonstrates their attentiveness to the human element of managing wealth—and it's a trait you need to demand from a professional you work with.

STEP #5: IMPLEMENTATION

Once you've chosen the way you want to proceed, a wealth planner and the team put the plan in motion. Implementation—taking action—is typically very straightforward, and it should be. By this point, the hurdles have been identified and the approaches to surmounting them have been specified. This doesn't mean implementation is easy; it often demands a great deal of work. However, it should be familiar ground for wealth planners and is something they and their teams do extremely well.

STEP #6: ONGOING MONITORING AND REFINING

Laws change. Lives change. So it's smart to ensure that any wealth planning you do stays up to date with such changes, and that it remains positioned to generate the results you want. Therefore, a major aspect of the Virtuous Cycle approach is to continually monitor any and all changes that could impact your future success—and to make modifications to the plan as required. This is how the wealthy ensure that their wealth is being managed well consistently over time.

Ongoing monitoring usually comes in four forms:

- Response to innovations and changes
- Client-driven: updates you request due to specific changes in your life
- Wealth manager-driven: updates the wealth manager requests due to a change (in the law, etc.)
- Reviews conducted on a regular, defined basis

***The upshot:** Wealth planning should be a continuous process of refining goals and needs along with the strategies and tools to achieve them. The same should hold true for you and your wealth plan. Think about it: If your plan becomes outdated—it no longer reflects your situation and needs, or the tools it uses are suboptimal—it's you and the people most important to you who lose out.*

Next steps

Armed with this information about what Virtuous Cycle wealth planning looks like and how it operates, you can determine whether the process your existing financial advisor is delivering has all or most of these components. If so, it's likely that your financial life is being managed in a comprehensive, holistic way—so that all solutions work in concert on your behalf.

If not, it may be time to seek out a financial advisor with the capabilities to deliver this type of experience and these compelling benefits. You might consider getting a second opinion on your finances—and on the advice you're currently receiving about them. A comprehensive review of where you are today, where you want to be and the gaps that exist may indicate that it's time to find the expertise that will truly add value to your life—and the lives of those you care about most.

Disclosure: We define elite wealth managers as financial advisors with at least five years of experience who offer one or more of the following services along with investment management: tax mitigation, business planning, wealth transfer, asset protection and charitable giving. Typically, elite wealth managers deliver these services in conjunction with one or more specialists in a given area.



Mark Wade

President and Director of Wealth
Management

ADOPT BEST PRACTICES

By and large, the self-made Super Rich have proven that they know what to do—and what not to do—in order to create, grow and maintain sizable wealth. By avoiding major slipups on your own path to wealth creation, you can potentially encounter fewer financial potholes along the way.

Visit: 320 Seven Springs Way
Brentwood, TN 37027
Connect: info@echelonwealth.com