

# WEALTH STRATEGIES



*Presented by*



*An Advertising Feature to the Orange County Business Journal • October 10, 2016*



## Financial Empowerment for Women

As a woman of the baby boomer generation, I along with many of my contemporaries find ourselves living as part of the “sandwich generation,” meaning a generation caring for both aging parents and dependent adult children.

Financial empowerment for women, which includes both independence and knowledge, are important facets that I would like to address in contributing to our overall well-being. This empowerment is paramount in reducing stress, but most importantly, it provides us with critical facts that allow us to make informed decisions about the feasibility and sustainability of financial options and choices that will sustain both our loved ones and ourselves.

I think there are three key components to this idea of financial empowerment; securing the right advice, having a plan and implementing that plan.

Finding an advisor who commits and takes the time to thoroughly understand you and your family’s current and ongoing needs are important. This understanding should also encompass discerning the family’s unique “aspirational state” and what that might be on an on-going basis.

Your advisor should demonstrate that they are effective listeners and communicators. Their questions should be centered not only on just quantitative information, but seek to understand you and your family’s preferences, values, goals and objectives, as well as the aspirations that drive them. Throughout the process, it should feel very interactive and focused on gaining a deep understanding of what is most important to you. This includes understanding the dynamics in the family, as well as past experiences, preferred method of communication for each family member and any special needs.

Your advisor also needs to have ready resources to provide you and your family with comprehensive and holistic solutions. Engaging an advisor affiliated with an organization with broad resources, in my opinion, is a solid start since this allows the advisor to utilize these resources and accompanying team of experts on your behalf.

The next empowerment component is the importance of a plan. A prepared and written plan is critical for any desired outcome. Having an advisor who takes the time to understand what is important to you and your family and has the expertise you need to provide plan options to make fully informed decisions is critical. Since no one person can be an expert in all areas, this requires the resources of a team approach through which an effective advisor works to coordinate these resources with expert specialists, including your own tax preparer or accountant and trust and estate attorney to name a few.

But what capabilities or resources are critical for the right plan? There are a number that come to mind:

First is sophisticated fiduciary investment management. It is important your advisor has the ability to employ an intelligent personalization approach to investment management that includes an iterative process of gathering specific qualitative and quantitative information. This is in order to gain a deep understanding of your current state and circumstances, as well as the conditional needs, expectations and preferences of the wealth management process for your family and the future.

I would ask how they work with their investment professionals in balancing the need for capital preservation and growth of principal while meeting any cash flow requirements. Not only addressing long- and short-term needs, but importantly understanding how the advisor assists in determining the family’s unique “personal benchmark” through what we call an intelligently personalized investment strategy – customized for each family. This is so important in optimizing sustainable outcomes for families and their beneficiaries.

The second is incorporating any investment management approach with the broader plan mission of providing tailored solutions to grow, protect, and ultimately transfer

wealth by addressing the banking and borrowing current situations and future planning needs. Required here are an understanding of effective and tax appropriate cash management and credit usage planning.

Also incorporated in this broader plan approach is your trust and estate planning activities and objectives including any philanthropic goals. Lifetime gifting is often important for many women and families. I believe asking an advisor to describe their process in which they gain an understanding in assessing and assisting families in either developing or reaffirming their core values and goals will reveal the advisor’s depth and experience in philanthropic giving.

An important aspect of developing an overall plan is seeking out full-service trust capabilities that provide essential fiduciary services such as special needs trusts, address philanthropic aspirations and any real estate management needs. With complicated family dynamics, and resources one needs when juggling the interests of many family members, a corporate trustee can offer you and your family benefits beyond those of an individual trustee, including objectivity and continuity of service. Plus, as fiduciary, financial institutions are held to stringent legal and ethical standards - relieving you of the fiduciary burden associated with the management of probates, trusts and estates and providing peace of mind.

This entire plan building process will also be one that incorporates both key tax and nontax advantages. So it’s really important that one knows how their process also incorporates working closely with each families’ outside tax and legal advisors, in a coordinated and thoughtful way to optimize impact, tax and estate efficiencies.

Last, but by no means least of the empowerment components, is implementing a plan. Everything will depend on the proper and effective implementation of a plan. But what does that really mean? An effective advisor should provide you and your family with a multi-step plan that specifies both the procedures and timing of each step of implementation and be with you for each in order to ensure the effectiveness of the overall plan. In addition, appropriate periodic reviews of the plan implementation and resulting overall plan progress in conjunction to your stated goals and objectives should be done. This includes the discussion and development of investment objectives will be memorialized in an Investment Policy Statement. This will also be reviewed periodically along with your specific tax and non-tax considerations to ensure optimal results.

These three key components can provide the financial empowerment for women that are an ever growing part of most women’s lives as they begin to shoulder the growing responsibility for the financial health and well-being of themselves and those they love.

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Carla Furuno, Senior Vice President, manages City National Private Client Services in the San Diego and Orange County region, leading a team of skilled professionals who provide holistic wealth management and banking solutions to high net worth individuals and their families, professional firms, real estate investors and non-profit organizations.

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## Four Big Cash Flow Mistakes to Avoid in Divorce



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The divorce process—even with an amicable divorce—can be especially difficult for a couple with complex finances. In addition to the logistical and legal challenges of separation, divorcing couples also face the challenge of disentangling their financial lives.

Our colleague Justin Miller, one of our national wealth strategists who specializes in family law planning, works closely with high net worth families and their outside advisors. He notes that it is becoming increasingly common for wealthy couples over age 50 to divorce, which often results in the need for planning around more complicated financial issues. For example, after a decades-long career one or both spouses may have accumulated large tax-deferred retirement plans. They also may have investments in complex structures and entities, such as private equity, hedge funds, real estate or business interests. All of these types of investments are relatively illiquid; that is they can't be sold quickly and often require a thoughtful exit strategy to avoid losses.

A divorcing couple might be tempted to simply divvy things up and move on with their lives, but Justin cautions clients against it. Selling investments without conducting a thorough analysis of the assets and liabilities involved may have negative long-term financial repercussions for both parties.

We advise divorcing couples that before making any financial decisions, they should consider the following four points to ensure that their portfolio is on solid footing and that they'll get maximum value from it as they liquidate their assets and leave the marriage.

### 1. Recognize the Value of Liquidity

A portfolio weighted too heavily in illiquid investments, such as private equity or concentrated stock positions, exposes the investor to heightened volatility and

risk. An investor in need of cash may find it difficult to sell illiquid assets in a down market. A diversified portfolio with a reasonable allocation to liquid assets (such as stocks, which can be sold fairly quickly) can help limit potential losses and provide an advantage in volatile markets.

### 2. Think About Long-Term Needs

A narrow focus on generating income from a portfolio can be a drag on performance, especially in today's low interest-rate environment. Investors should consider whether their need for income and low volatility in the present outweighs the potential for long-term growth and the ability to provide income in the future.

### 3. Consider the Impact of Inflation

Rising inflation and living expenses over time can significantly reduce the value of a conservatively invested portfolio. For clients with a long-term investment time horizon (say, 10 to 20 years), investment portfolios should be positioned for growth and not exclusively for income.

### 4. Understand Federal and State Tax Laws

Where an investor lives can seriously affect the after-tax returns of his or her portfolio. Investors should be mindful of the impact of state taxes—not just federal taxes—when selling their assets. Timing can be critical, especially if the investor has plans to move from a high-tax state, such as California, to a state with low or no income taxes, such as Nevada. The investor may be better off waiting to sell assets until the change in residency is complete.

### Work With Professionals to Understanding Your Cash Flow in Divorce

For couples planning a divorce, BNY Mellon Wealth Management helps couples and their attorneys address liquidity concerns through an in-depth analysis of the health of their portfolio, helping the clients determine how much they'll need to maintain their lifestyle while balancing their wealth transfer and philanthropic goals.

With the right wealth planning advice and sound portfolio analysis, couples going through divorce may reach a financial settlement that they both consider fair and will support each of them in their new lives apart.



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# Protecting Your Blind Side

“White-eighty, white-eighty, hut!”

A crisp snap slams the ball firmly into Carolina Panther Cam Newton’s hands, and he drops back into the pocket, searching for his receiver as defensive linemen bear down. He hears a loud crunch — the sound of two bodies colliding. Cam smiles knowing that his left tackle, Michael Oher, is protecting his blind side, giving him precious extra seconds. Cam cocks his arm, launching a bullet into the end zone. Touchdown!

Every great quarterback has a talented left tackle protecting their “blind side.” Who is protecting yours?

If you own a business, are married, or have an estate you care to pass onto your heirs — and you haven’t installed an asset protection plan — you are risking everything.

Take Samantha, for example. As the second generation of a successful family-owned business, she looks forward to a comfortable retirement. But last year, her company manufactured a defective product that could be the direct cause of dozens of fatalities. Between lawsuits and a massive product recall her suddenly once-thriving business quickly becomes bankrupt leaving Samantha on the verge of retirement with nothing to her name. If she had been aware of just a few of the many ways to protect some of her assets her personal financial situation the situation would not have been so dire.

She is not alone. Many hard working

Americans find out far too late that financial ruin could have been avoided had their trusted advisors so informed them.

Like the left tackle on an NFL team, an asset protection lawyer’s job is to protect you from what you can’t see coming — to protect your blind side.

Lawyers ask a lot of “what ifs.” In Samantha’s case a lawyer might have warned her ahead of time that insurance can be woefully insufficient in product liability cases and that other forms of advanced planning can lawfully keep judgement creditors from reaching your hard-earned assets during such financial and legal disasters. Moreover, a skilled asset protection lawyer would have evaluated her risks and recommended legal, effective, and proven asset protection vehicles designed to reach an early and modest financial settlement.

## What are some of these planning vehicles?

California businesses and their owners can take advantage of one of the most protective structures, the Private Retirement Trust™ (PRT). The PRT fully exempts assets contributed to it from future creditors as well as subsequent distributions from the PRT paid to the participant at retirement, whether from lawsuits or bankruptcy. When properly administered, Samantha’s assets would have been protected before her business imploded.

Another proven “firewall” is the foreign asset protection trust (FAPT) which would hold her cash, other liquid assets, and

personal investments. Timely established, the FAPT is formed under the more protective laws in well-established foreign countries that do not recognize U.S. judgments to be satisfied against the assets of the FAPT, even if Samantha is one of the FAPT’s beneficiaries.

For those who are not comfortable taking their assets offshore the HYCET Trust, an irrevocable dynasty trust established in Nevada, provides superb protection against most types of future lawsuit creditors. The HYCET Trust allows you to create an irrevocable trust for your heirs. But if you later need or want all or part of the assets you transferred to the trust your trustee may add you as a beneficiary and therefore

you can access the trust’s assets. You can really “Have Your Cake and Eat it Too” by reclaiming gifted assets, again, sanctioned by the IRS (See PLR200944002).

These are just three examples of the many different methods that skilled asset protection lawyers use to protect their most valuable players (their clients) against unforeseen lawsuits, creditors, estate tax burdens in estate planning, and the risks of exposing separate property in a contentious divorce. They are vehicles that would have saved Samantha from having to start all over again.

Like a good left tackle, an asset protection lawyer always protects your blind side. If yours is exposed, we can help.



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The firm is exceptional at building legacies and creating value for generations. “Having children changed my life,” says Mike. “It became my top priority to create a lasting legacy for my family. My wife and I work hard to help others do the same.” Mike and Dana Kiley, both principals at the firm, have five children.

“We enjoy what we do, and we’ve been blessed with success. Bring on the next 40 years!”

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JAMES HARDER AND JIM REGUSCI

*James Harder, Owner, James Cole Winery, T-Vine Winery, Tank Garage Winery (left)*  
*Jim Regusci, Owner, Regusci Winery, T-Vine Winery, Tank Garage Winery (right)*



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