

Financial and Estate Planning



“Racing Through Life”

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WHAT DO I BELIEVE?



Today's Objective

- Educate
- Motivate
- Prepare
- Action

Why do we Organize & Plan

- What's the Purpose?
- Who Benefits?
- What does it take?

Thought

Vision

Planning



Effort

Discipline

Accountability

Financial Planning

Risk Management

Retirement Planning

Investment Portfolio

Estate Planning

Financial Planning

- Need To Plan
- Need For Responsible Planning
 - Income Needs
 - Survivor Needs
- Choosing The Right Team
- Develop Your Plan

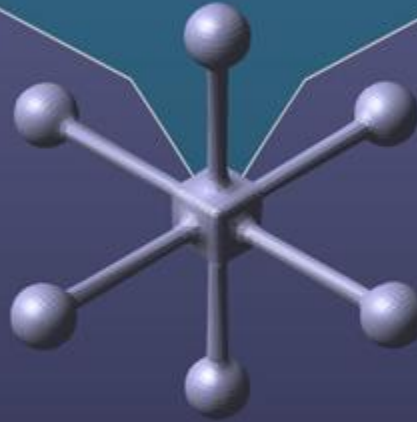
OUR PROCESS



- Preliminary data gathering
- Identify life goals:
 - retirement
 - education
 - future plans

OUR PROCESS

PROJECT YOUR GOALS
where you want to be

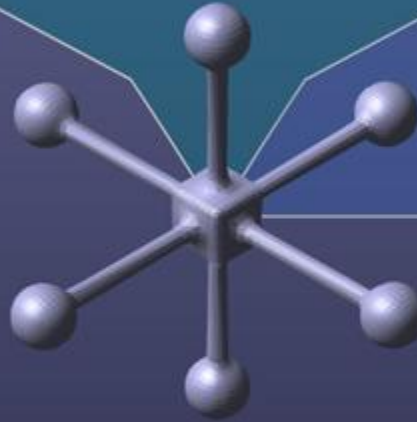


- Evaluate current situation:
 - investment accounts
 - insurance
 - real estate

OUR PROCESS

PROJECT YOUR GOALS
where you want to be

APPRAISE ASSETS
what you have



OUR PROCESS

PROJECT YOUR GOALS
where you want to be

APPRAISE ASSETS
what you have

PERFORM GAP ANALYSIS
what you need

- managing cash flow
- asset allocation
- tax strategies
- risk tolerance
- insurance
- savings plans
- annuity options

OUR PROCESS

PROJECT YOUR GOALS
where you want to be

APPRAISE ASSETS
what you have

PERFORM GAP ANALYSIS
what you need

PROVIDE OPTIONS
how to get there

- What do I need to do to?
- What options do I have?
- What is my action plan?

OUR PROCESS

PROJECT YOUR GOALS
where you want to be

APPRAISE ASSETS
what you have

IMPLEMENT STRATEGIES
activate the plan

PERFORM GAP ANALYSIS
what you need

PROVIDE OPTIONS
how to get there

Advisor/Client To Do List:

- asset allocation
- tax strategies
- planning techniques

OUR PROCESS

PROJECT YOUR GOALS
where you want to be

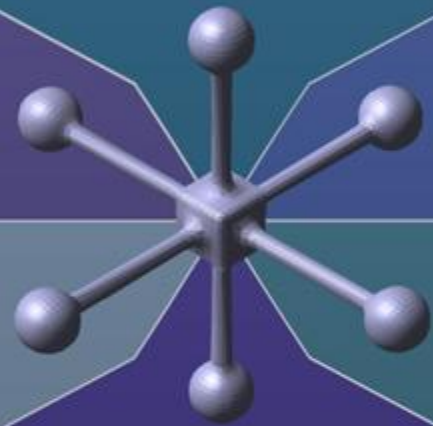
MONITOR PLAN
optimize to achieve goals

APPRAISE ASSETS
what you have

IMPLEMENT STRATEGIES
activate the plan

PERFORM GAP ANALYSIS
what you need

PROVIDE OPTIONS
how to get there



- performance thresholds
- automated alarms
- periodic evaluation
- remote collaboration

Risk Management

Managing risk is critical to a great plan. It has been said that “It is the Foundation of all Financial Planning”

- Health Insurance
 - Individual
 - Group Plan
- Property & Casualty Insurance
 - Home Insurance & Protection (Umbrella)
 - Auto Insurance with proper limits
- Disability Income Insurance
 - Individual policies
 - Group Disability
- Life Insurance
 - Purpose of Life Insurance
 - Different types of contracts
 - Why did I invest in the plan I have?

Retirement Planning

Retirement Planning can be accomplished in many ways. Understanding the many strategies, helps to create the most effective plan.

- Sources of Retirement Income
 - Qualified Plans
 - Non Qualified
 - Individual Savings
 - Other sources

Steps Toward Achieving Your Retirement

Step 1 – Determine Your Cost of Retirement

Your monthly retirement living expenses

Your retirement age

Your life expectancy



Steps Toward Achieving Your Retirement

Step 1 – Determine Your Cost of Retirement

Step 2 – Apply Your Income Sources

Social Security

Pensions

Immediate annuity payments



Steps Toward Achieving Your Retirement

Step 1 – Determine Your Cost of Retirement

Step 2 – Apply Your Income Sources

Step 3 – Withdraw from Your Capital Reserves

Brokerage accounts

Money Market accounts

401(k)s & IRA's

Annuities



Steps Toward Achieving Your Retirement

Step 1 – Determine Your Cost of Retirement

Step 2 – Apply Your Income Sources

Step 3 – Withdraw from Your Capital Reserves

Step 4 – If necessary, Consider Changes

- Saving more before you retire
- Redefining your retirement age
- Consider part time employment during retirement

Other tax deferred plans:

- Traditional IRA
- Roth IRA
- 403 (b) retirement plans
- Annuities

What will my Retirement Planning do for me?

- The Cost of Your Retirement
- Your Retirement Income
- Building a Nest Egg
- The Big Picture
- Options for Meeting Your Needs
- Retirement Income Details
- Pre-Retirement Savings and Growth
- Capital Resources Details



Investment Portfolio

- Perfect Investment
 - High investment return
 - No risk
- Pyramid of Investments
- Asset Allocation Models

Asset Allocation

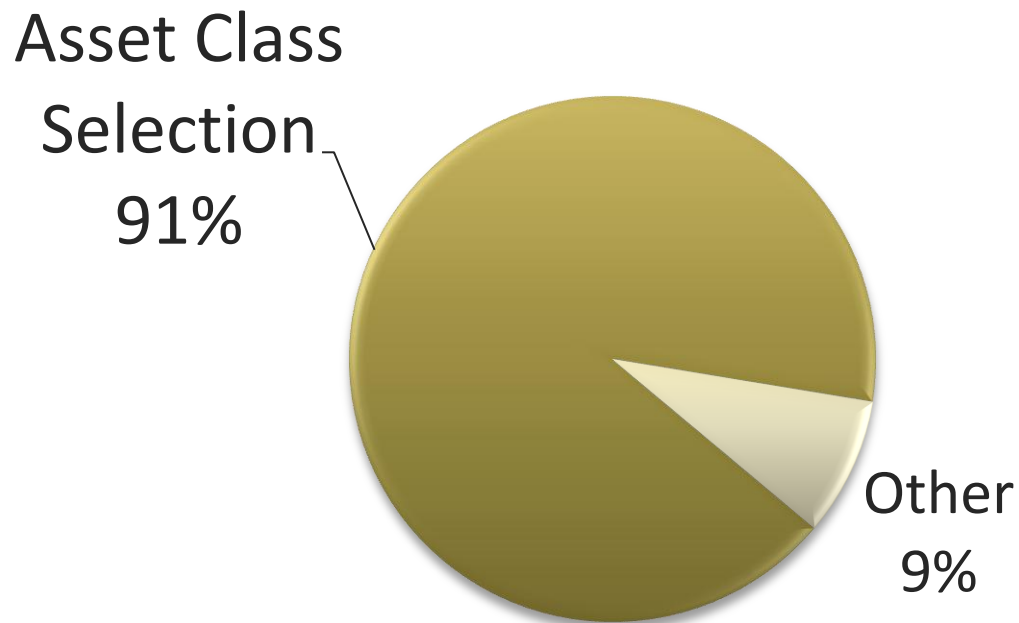
Asset allocation is the process of determining how to spread an investment between categories of financial assets.

Asset allocation is generally driven by the desire to optimize the risk-return trade-off according to an investor's time horizon.



Asset Allocation is a method of diversification that positions assets among major investment categories. While this tool may be used in an effort to manage risk and enhance returns, it does not guarantee a profit or protect against a loss.

What determined Portfolio Performance?



Stocks and Bonds: Risk Versus Return 1970–2007

13% **Return**

Maximum risk portfolio:
100% Stocks

12

80% Stocks, 20% Bonds

11

60% Stocks, 40% Bonds

50% Stocks, 50% Bonds

Minimum risk portfolio:
25% Stocks, 75% Bonds

10

100% Bonds

9

10%

11

12

13

14

15

16

17

Risk

Past performance is no guarantee of future results. Risk and return are measured by standard deviation and arithmetic mean, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008

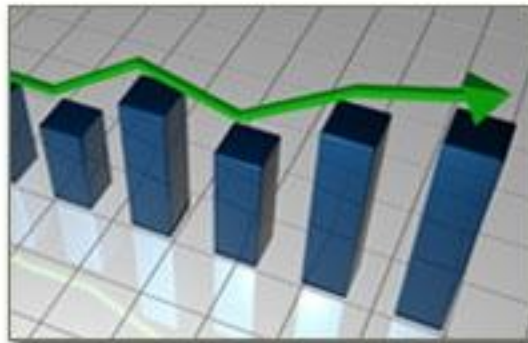


Step 1: Define your Goals & Time Horizon

The first step in the asset allocation process is to define your goals and the corresponding time horizon for those goals.

Typical investment goals include:

- Funding your retirement
- Funding the educational needs of children and grandchildren
- Funding goals like a vacation home or wedding
- Creating an inheritance or other legacy fund



Step 1: Define your Goals & Time Horizon

Generally accepted time horizons are:

- 1 to 3 years -- Immediate
- 3 to 5 years -- Short Term
- 5 to 10 years -- Intermediate Term
- Over 10 years -- Long Term



Step 2: Assess Your Risk Tolerance

Assessing your risk tolerance generally involves completing a risk tolerance questionnaire. There are many factors that are examined when assessing an investor's risk tolerance. These may include:

- Time horizon
- Financial resources
- Pursuit of multiple goals
- Investment experience
- Liabilities or obligations of the investor
- Personality



Step 3: Identify Target Asset Allocation Model for Implementation

Often the net result of a risk tolerance questionnaire is a recommended allocation for you to implement – this may be represented as a model portfolio. Here are some examples of suggested model portfolios that are based upon an investor's risk tolerance:

- Income / Conservative
- Income and Growth / Mod Conservative
- Growth and Income / Moderate
- Growth / Moderate Aggressive
- Aggressive Growth / Aggressive



Step 3: Review & Rebalance Regularly

- The most important step in the asset allocation process may be making sure you continue to monitor your allocation.
- Rebalance your portfolio on a regular basis.
- Changes in your life may change your tolerance for risk and therefore a change to your asset allocation.



Key Estate Planning Considerations

- Transfer of Assets
 - Wills, Trusts, Joint Ownership, Beneficiary Designations
- Minimizing Transfer Costs
 - Probate, Estate Taxes
- Caring for Survivors
 - Life Insurance, Guardians, Asset Managements
- Who Makes Medical Decisions When I Cannot?
 - Living Will, Healthcare Power of Attorney
- Outside the Legal Framework
 - Letter of Instructions, Ethical Will

Various Estate Planning Arrangements

Benefits	No Will	Basic Will	Trust Will	Basic Living Trust	CST ¹ with Living Trust
1. Allows you to select:					
a. Beneficiaries of estate,	No	Yes	Yes	Yes	Yes
b. Executor of will,	No	Yes	Yes	Yes ²	Yes ²
c. Guardians for children, and	No	Yes	Yes	Yes ²	Yes ²
d. Trustees of trust.	No	No	Yes	Yes	Yes
2. Avoids probate costs.³	No	No	No	Yes	Yes
3. Provides asset management for children over age 18.	No	No	Yes	Yes	Yes
4. Protects estate owner from a conservatorship.	No	No	No	Yes	Yes
5. Designed to save death taxes for couples.	No	No	Maybe ⁴	No	Yes

1 CST stands for credit shelter trust. QTIP stands for qualified terminable interest property trust.

2 Each living trust is generally accompanied by a “pour over” type of will which picks up assets not put into the trust during lifetime and transfers them after death. Executors/guardians are named in a will.

3 If all of the assets are in the living trust, probate is not necessary. However, there will usually be some expense for legal advice or the transfer of assets not in the trust. Without a trust, probate costs may exceed 5% of the total estate.

4 Some trust wills contain credit shelter trusts designed to save death taxes, while others merely manage assets.

5 The applicable exclusion amount is the dollar value of assets protected from federal estate tax by an individual's applicable credit amount. It is scheduled to change as follows: \$2,000,000 for 2007-2008; \$3,500,000 for 2009, zero federal estate tax for the year 2010; and \$1,000,000 for 2011 and thereafter (unless permanently repealed or otherwise modified).

Neither Wealth Management Strategies or AXA Advisors, LLC provides legal or tax advice.

Items to discuss before meeting with an attorney

- Distributions to Children
 - How much? When? (ex. 1/3 at age 21, 1/3 at age 25, etc.)
- Final Heirs
 - If 1st choice pre-deceases you, who next?
- Charitable Bequests
 - Have you ear-marked funds for a charity?
- Other
 - Children stay in house? Guardians?
 - Reduce estate tax obligation?

Disclosure

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