Wealth Planning Update

The Power of Coordinating Your Financial Planning

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Key takeaways:

- Financial planning can be delivered in many different forms. Most people have experienced financial planning in one form or another through financial professionals.

- The coordination of your financial professionals is critical in making sure your multifaceted financial issues that have the potential to affect the success of your overall plan are addressed.

What this may mean for you:

- Developing a comprehensive plan with your financial professionals and a planner can help ensure the activities of all of the financial advisors remain coordinated with the overall plan to help meet your financial goals.

Financial planning can be delivered in many different forms. Almost everyone has experienced the various aspects of financial planning in one form or another through financial professionals, including a CPA, who calculates quarterly estimated tax payments or assists with year-end tax planning; an attorney who drafts estate documents; or a financial advisor, who may advise on appropriate asset allocations for investments. An insurance agent may have designed policies necessary for business succession and estate liquidity. A banker may have assisted with the securing of debt necessary for additional asset acquisitions. These financial professionals may assist you in making a series of planning decisions that, when viewed individually, make perfect sense. When you analyze these
individual planning decisions holistically, however, your overall plan may not match the expectations or accomplish the objectives of you and your family.

**Why coordinating your wealth plan conversations matters**

The coordination of your conversations with your financial professionals is critical in making sure that you address multifaceted financial issues that have the potential to affect the success of your overall plan. Failure to take a holistic view of wealth planning may have unanticipated outcomes, including tax consequences. For example, incorrect beneficiary designations and asset titling can affect your estate documents, while creating life insurance trusts for estate liquidity without coordinating the trust terms with other business succession plans could leave business ownership in the wrong hands or could result in inequitable distributions.

**The role of a wealth planner**

To be successful throughout your financial life, we believe that it is critical to understand the interrelationships of financial decisions. The difficulty, of course, is gaining the expertise and then investing the time it takes to apply that expertise to each area of your financial life. Adding a wealth planner to your multi-disciplined team of financial professionals can help. The planner and advisors can walk you through a disciplined, diligent process of review and analysis of all aspects of your financial and estate plan, explaining to you and your family each area of your financial picture and its relative impact on the other areas, all while gaining an understanding of you and your family’s values, goals, and desires.

During the process, as financial decisions are made, the wealth planner can assist with implementation to help ensure the activities of all of the advisors remain coordinated with the overall plan. The planner also may help address a main cause of plan failure by helping each family member understand, and address head-on, the dynamics associated with such planning. The vast majority of wealth (>70%) fails to transition beyond the second generation due to lack of family communication and trust, failure to adequately prepare heirs, and/or a lack of a family mission statement. A wealth plan is insufficient at its core absent addressing these issues. Additionally, the planner should be able to address the needs of the special assets—such as real estate, closely held businesses, and mineral rights—that typically make up the balance sheets of wealthy families.

Developing a comprehensive plan with your financial professionals and a planner is time-consuming and can be perceived as expensive. We believe that it is time and money well spent. There are potentially heavier costs associated with an improperly implemented or inconsistent overall plan.

**Your wealth team**

In putting together your financial advisory team, it is imperative to have a good CPA, estate attorney, business attorney, investment advisor, and insurance advisor. It is just as critical to have someone who understands what all the others are doing and coordinates activities to ensure that the whole is indeed better than the sum of its parts. To learn more, contact a Wells Fargo relationship manager.
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1 The Williams Group study—20 years of data, referenced in many articles. https://thewilliamsgroup.org/index.cfm