

What Should Affluent Families Be Considering NOW?

Estate Planning

- Capitalize upon the \$5,000,000 gift tax exemption NOW
- Use low interest rate – based strategies (e.g. Grantor Retained Trusts; Grantor Deemed Ownership Trusts)
 - Use the income stream to support your financial independence needs
 - Use for Succession Planning of your family business to next generation

Succession Planning

- Determine whether your family business' next generation of family leadership will be *Stewards* of the business, or Owners

Investing

- Segregate the Net Present Value of your life needs from assets for future family generations and charities
- Zealously protect assets required by you for financial independence
 - Bonds
 - Tax Considerations / Your Domicile
 - Consider Sale of bonds with premium value and < 2 years until maturity
 - Opportunities are considerable, without sacrificing credit risk
 - Negotiate Mark-Ups
 - Equities
 - Don't own long equities when prominent investment banks are willing to protect against downside risk
 - One prominent investment bank is willing to pay its investors 135% of the upside in the S&P 500 Index over the next 5 years (for every 10% return, you get 13.5%). If the markets are down, this same investment protects investors against market loss as long as the S&P falls by less than 50%.

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SAGE *Solutions*

- RESEARCH...and COMPARE
 - Two prominent investment banks offer instruments paying out 13 months from inception. Both provide an enhanced return above the S&P 500. One projects to be capped at ~ 19.5%; the other @ ~ 14% ... quite a difference!
- Don't buy based on an investment bank's panache
- Cash – don't sit on cash; investigate risk-protected strategies