

Purposeful Planning For Family Wealth

Purposeful Trusts & Legacies: How Do We Purposefully Move
Away From the “Tax Tail Wags the Rest of the Estate Plan”

John “John A” Warnick, Esq.

Salt Lake City Estate Planning Council

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Is This What Lies Ahead for the Estate Planning Profession?



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**“Traditional Planning Has Become
a Professional Fast Food Drive
Thru Transaction. You pick up a
sack of documents, diagrams and
reports and move on”**



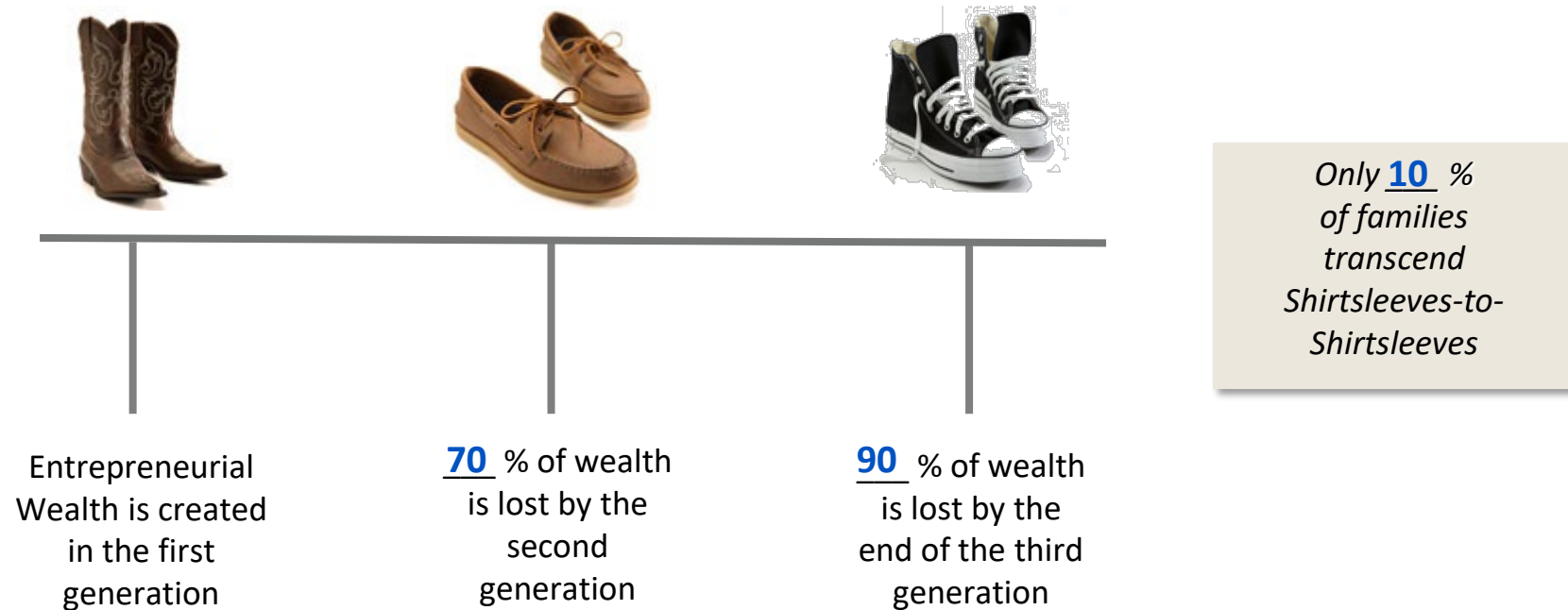
CAUTION

CAUTION: The Surgeon General of the United States has determined that non-purposeful estate and succession planning may have damaging and corrosive impacts on family members. The emotional toxicity of trust instruments and other legal structures may result in impaired lives, entitlement, irresponsibility, lack of initiative and self-esteem. You should not sign any documents related to the transition of your business enterprise or family wealth without carefully considering how you might avoid these potential negative outcomes in the lives of your children, grandchildren or other loved ones.

Five Toxicities of Non-Purposeful Planning

1. Dependency
2. Disengagement and Disempowerment
3. Entitlement and Trust Narcissism
4. “It’s Just Money/Wealth” -- Loss of Connection to the Values and Vision of the Trust Creator
5. Family Fracturing & Sibling Squabbles

How Hard is it to Sustain Family Wealth?



Source: Steven Gal, Director, USC Family Business Program, USC Business, Spring, 1995, as cited in For Love & Money: A Comprehensive Guide to the Successful Generational

What Causes Wealth Transfers to Fail?



This world-wide phenomenon is sometimes described as “shirtsleeves to shirtsleeves in three generations.”

One study suggests that business and wealth transfers fail due to the following causes:

- 60% due to: Breakdown of communication and trust within the family unit
- 25% due to: Successors and heirs being inadequately prepared
- **The Balance:** Other causes such as tax considerations, legal issues, etc

Source : Steven Gal, Director, USC Family Business Program, USC Business, Spring, 1995, as cited in For Love & Money: A Comprehensive Guide to the Successful Generational Transfer of Wealth, Roy O. Williams 2010

Challenge #1

**Technical Planning Ignores The
Human Side of Planning**

**The Tax Tail is Wagging the Rest of the
Planning Dog**

New York Times (Nov. 8, 2014) – Paul Sullivan interview of John A.
Warnick

Family Dynamics

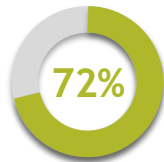


**Virtually every
family has a DDO -
Designated
Difficult One***

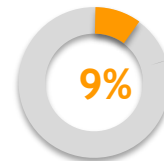
* Designated Difficult One is a term
attributed to James Stillman, Esq.
of San Francisco, California

What Do Boomers Think About Traditional Estate Planning

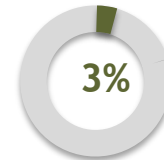
Percentage of Baby Boomers who:



plan on doing things differently than their parents



have begun wealth transfer during life



believe they “owe” children an inheritance



said that their estate plan dealt with their goals, wants, and objectives.

How Would Our Clients Answer These Questions:

If you could transfer all of your financial wealth without any tax or you could have children who were flourishing and thriving, what would you pick?

If you could average a 12% return on your investments, or you had children who were self-reliant, self-sufficient, productive and mature, what would you pick?

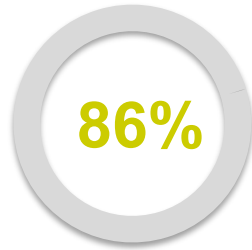
If you could completely “asset protect” all of your assets or you had children who knew who they were and what they valued, what would you pick?

If you could ensure that your assets were preserved and used exactly as you outlined in your will/trust or that your family was connected with each other in a most positive and meaningful way 50 years from now, what would you pick?

How Important is Legacy to Boomers?



75% of Boomers agree with this statement: “It is extremely important to me that future generations remember my parents and what mattered to them.”



86% of Boomers rank preserving family history and memories more important than the financial assets they’ll leave

What We Think Clients Care About



Control



Tax Efficiency



Asset Protection



Investment Returns

What Clients Really Care About



Communication



Cohesion



Identity



Impact



RBC 2017 Survey Summary

Wealth is being transferred “non-purposefully” at historic rates by procrastinating parents, half of whom have no meaningful plan, and that wealth is going to unprepared heirs who have no idea what is coming or what to do with their parents’ wealth.

And...the Technical Professions (attorneys, CPAs, CLUs, and financial advisors) are doing little to nothing about it.

**Purposeful Planning is a Huge
and Vitally Important
“MISSED OPPORTUNITY”**

The Great News:

Purposeful Legacies Work for Both the 99% and the 1%

Purposeful Legacies Work for Both Childless, Traditional and Modern Families

If clients have children or grandchildren we can offer them simple exercises to create priceless legacies. And, we also have tools to help them do a better job of designing their wills or trusts

Clients with no children still have hopes and dreams. Their legacy may be directed towards their siblings, nieces/nephews, best friends or community

**Purposeful
Plans Are The
Way to Pass
More than
Money to
Children,
Grandkids and
the Causes We
Care Deeply
About**



Purposeful Legacies are Tools to Help Transform An Estate Plan into a Legacy Plan



Purposeful Legacies

- Can Be Integrated Into the Estate Planning Documents
- But In Many Cases They Are Stand Alone



Purposeful Legacies

- Capture Client's Voice, Vision, Values and Life Wisdom
- Expressed as Heartfelt, Positive, and Encouraging
 - Often Are the Gift Everyone Treasures Most



Purposeful Legacies

- Are an Antidote to Entitlement and Trust Narcissism
- Vehicle for Passing More Than Money



The Three Pillars of Purposeful Legacies:

- **Guidance and Guidelights**
- **Tributes and Affirmations**
- **Reflections and Memories**



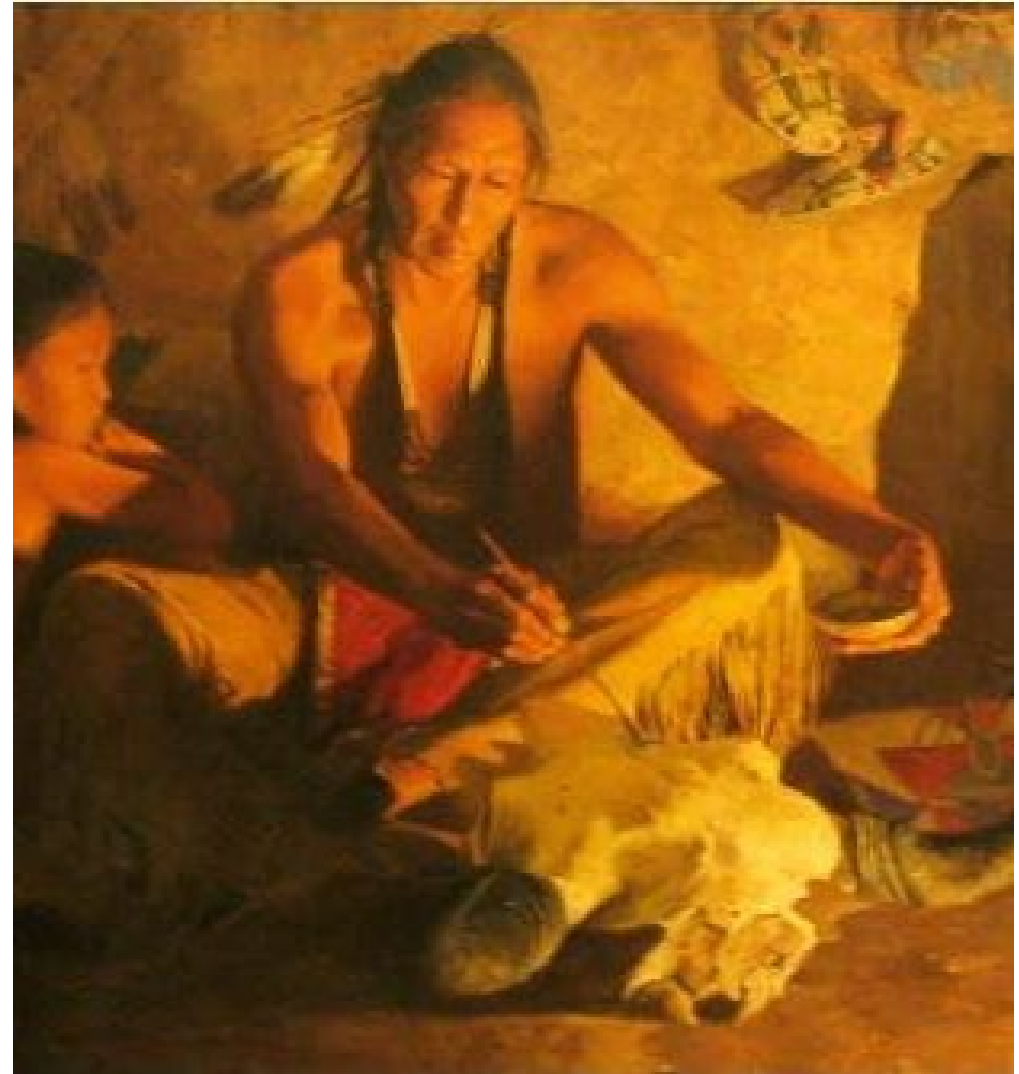
Guidance & Guidelights



Reflections of our life wisdom and experiences, encrusted with expressions of our love, appreciation and faith in the goodness and potential of our posterity, are the only riches they cannot squander—John A. Warnick

Guidance & Guidelights

- Includes Letter of Wishes and Ethical Wills
- Guidance is directed to Trustees, PRs, and Beneficiaries
- Guidelights are intended for our loved ones and don't have to have a connection to the financial assets or legal documents



Memories & Reflections



“When an old person dies it’s like a great library burning.”
- Alex Haley, author of *Roots*

Memories & Reflections

Memories are the stuff legacies are made of

Unfortunately few of us record or preserve our life stories.
Reflections of our interactions with our children and grandchildren are particularly valuable

Memories & Reflections includes personal diaries, gratitude journals, written and recorded memories, life and family histories



Memories & Reflections

Reflecting and then recording memories is one of the greatest gifts we can pass along to our posterity. What we overlook, however, is how positive the acts of reflection and recording memories can be.

Here's just a few of the personal benefits the AMA Journal cataloged for reflecting and recording personal memories:

- Keeps your mind sharp
- Gratitude for what you have
- Motivation for the Future
- Satisfaction in Cataloging Your Achievements
- Catharsis



PPI's Memories & Reflections Tools

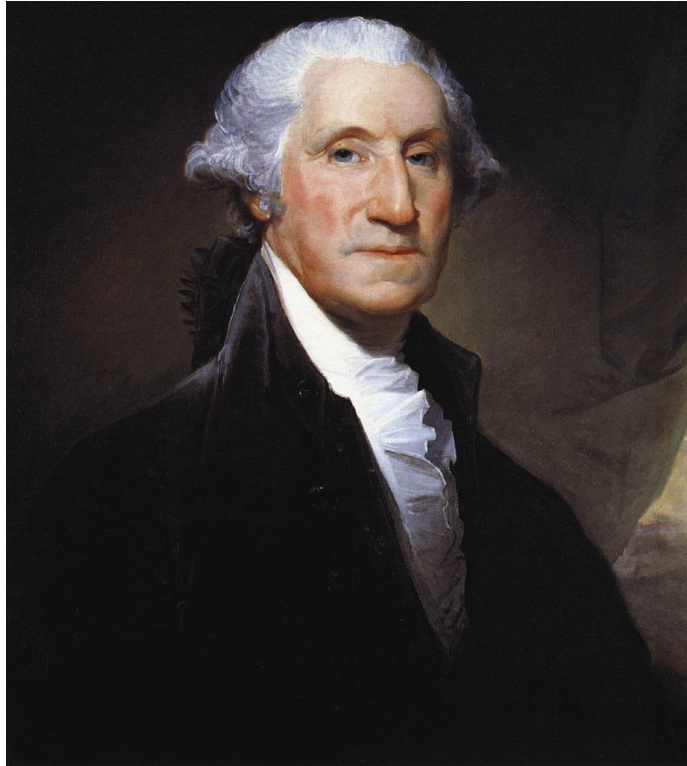
Memories of the Day You Were Born

On the Road Again – Memories of the Trips We've Taken Together

Thank You for the Memories – Reflections on the Honor It's Been to Be Your Parent/Grandparent



George Washington's Revolutionary Purposeful Last Will and Testament



These Swords are accompanied with an injunction not to unsheathe them for the purpose of shedding blood, except it be for self-defense, or in defense of their Country and its rights, and in the latter case, to keep them unsheathed, and prefer falling with them in their hands, to the relinquishment thereof



What Should I Do? Train a Better Captain or Build a Better Ship?

The Key to a Purposeful Plan is Doing Both

QUESTIONS



Thank You. I'd Love to Hear Your Thoughts and Suggestions

johna@purposefulplanninginstitute.com

720-458-7777