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**Wealth Management Plan, Part Three:**

**The Advanced Plan**

**Prepared for Mr. and Mrs. Affluent Client**

**April 10, 2020**

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# Introduction

Wealth management is not a one-time event, but an ongoing process that will last throughout your life. This wealth management plan will help you take deliberate actions in every important aspect of your finances. It will serve as a record of decisions made and tasks completed, as well as a checklist for decisions and tasks yet to be undertaken. At the same time, it is a living, flexible document that can change in response to changes in your and your family’s life.

This is the third part of your wealth management plan. First you received an investment plan that reviewed what we discussed at your Discovery Meeting, including everything that we understood to be part of your financial life, and explained our wealth management process. That document also delineated the specific investment vehicles we recommend to help you meet your goals. The second document, the Investment Policy Statement, looked in detail at our investing approach and how this will work alongside your parameters and those of the markets as a whole.

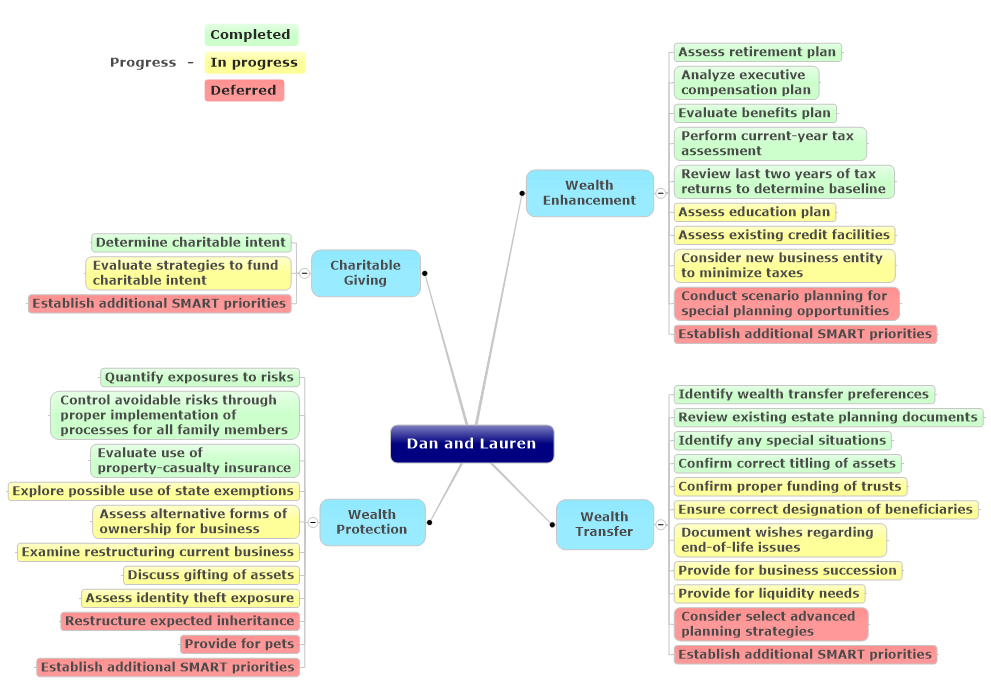
This final document will look at what advanced planning can accomplish and what that means for meeting your financial goals. As we explained during our Investment Plan Meeting, the advanced plan deals with four key areas of your financial life beyond your investments:

1. **Wealth enhancement** aims to produce the best possible investment returns consistent with your level of risk tolerance and to minimize the tax impact on those returns.
2. **Wealth transfer** intends to find and facilitate the most tax-efficient way to pass assets to succeeding generations in ways that meet your wishes.
3. **Wealth protection** is aimed at protecting your wealth against potential creditors, litigants, children’s spouses and potential ex-spouses, as well as protecting you against catastrophic loss.
4. **Charitable giving** helps fulfill your charitable goals and can often support efforts in each of the other three areas.

None of these areas stand in isolation from the rest. Wealth protection, for example, is often intertwined with wealth transfer needs. The major advantage of the advanced plan is that it enables us to deal with each area systematically while maintaining an integrated approach to your overall financial picture.

The next page shows the initial advanced plan we have created for you. As you can see, all activities are on a single page and can be color-coded as to whether they are already completed, in progress, or slated for the future. This enables us to quickly see your big financial picture while helping to keep our Regular Progress Meeting discussions focused on distinct priorities and tasks.

## Advanced Plan



*In each section below, briefly describe appropriate actions to be taken. A broad range of typical actions are provided. For each action, state how you will assist the client. Typically, this will either be by providing an introduction to a qualified product or service provider (such as an insurance agent) or by working together with a member of your professional network to implement the recommendation.*

*For clients who have higher levels of financial complexity or net worth, you may need to use your first Regular Progress Meeting to ask follow-up questions to clarify the situation and obtain additional needed information for you and your strategic partner(s) to make appropriate recommendations. You would then use subsequent Regular Progress Meetings to introduce recommendations and implement as appropriate.*

*For clients with lower levels of financial complexity or net worth, you may be able to formulate all of your recommendations using just the information gathered in the Discovery Meeting, and then to present those recommendations in the first Regular Progress Meeting.*

# 1. Wealth Enhancement

## Definition

Wealth enhancement is the process of using strategies to maximize the tax efficiency of current assets and cash flow while achieving both growth and preservation goals.

## Goals

* To maximize a meaningful pool of monies to fund the realization of the financial goals.
* To minimize the erosion of the pool of monies from unnecessary income taxes.

## Action Items

* Review last two years of income tax returns to determine baseline.
* Perform current-year tax assessment (marginal tax rate, use of deductions, vulnerability to AMT) to provide for scenario planning of various wealth enhancement strategies.
* Ascertain cash management to determine effectiveness.
* Evaluate benefits plan (offered by business or employer) to ensure that tax-advantaged vehicles are maximized.
* Analyze executive compensation program, including all stock options, to ensure that both investment and tax advantages are maximized.
* Assess retirement plan to ensure that tax-advantaged vehicles are maximized.
* Examine education plan to ensure that tax-advantaged vehicles are maximized.
* Determine the appropriateness of existing credit facilities and relationships for both personal and business use.
* Consider opportunity to minimize taxes through new business entities.
* Test any special planning opportunities through scenario planning of both tax and cash flow models, while emphasizing capital formation consistent with goals.
* Establish SMART (specific, measurable, achievable, realistic and time-bound) priorities for moving forward.

# 2. Wealth Transfer

## Definition

Wealth transfer is the process of using strategies to legally structure the future disposition of current and protected assets effectively.

## Goals

* Decide how assets will be distributed at death, rather than relying on intestate rules of the state of residency.
* Decide how and when heirs receive inheritance.
* Ensure that maximum amount possible is transferred to heirs while minimizing tax implications.
* Provide for liquidity needs for any illiquid estate.

## Action Items

* Identify wealth transfer preferences without any tax considerations.
* Review existing estate planning documents to identify degree of alignment with values and goals.
* Identify any special situations (for example, special needs children, same-sex partners or noncitizen spouse).
* Confirm correct titling of assets and proper funding of trusts.
* Ensure correct designation of beneficiaries (for investment accounts, pension plans, life insurance policies, etc.).
* Document wishes regarding end-of-life issues (powers of attorney, health care declaration, living will).
* Provide for business succession.
* Provide for any liquidity needs.
* Consider advanced planning strategies with professional network as appropriate:
  + Revocable trust
  + Life insurance planning
  + Qualify personal residence trust
  + Grantor-retained annuity trust
  + Sale to a grantor trust
  + Family limited partnership
  + Limited liability corporation
  + Charitable lead annuity trust
* Establish SMART priorities for moving forward.

# 3. Wealth Protection

## Definition

Wealth protection planning is the process of employing legally acceptable concepts and strategies to ensure that a person’s wealth is not unjustly taken from him or her.

## Goals

* To mitigate the possibility of being sued by motivating the creditor to settle.
* In the event of a lawsuit, the objective is to minimize, or even eliminate, the financial effect of a judgment.

## Action Items

* Quantify exposures to risks.
* Control avoidable risks through proper implementation of processes (for example, business processes, employment agreements, pre- and post-nuptial agreements and partner buy-sell agreements) for all family members.
* Ascertain appropriate utilization of risk transfer through property-casualty insurance (homeowner’s, auto, rental, personal excess liability [umbrella], health, disability insurance, life, long-term care, directors’ liability and professional liability insurances).
* Use state law exemptions effectively (for example, homeowner’s exemption, cash value of life insurance policy, retirement plans and annuities).
* Consider various forms of ownership that either put an asset beyond the reach of a creditor or make these assets less desirable for creditors.
* Evaluate conducting business through a limited liability entity structure.
* Examine restructuring current business.
* Determine whether classic asset protection trusts are appropriate.
* Discuss gifting assets when there are no current creditor issues to lessen the likelihood of raising fraudulent transfer issues.
* Assess identity theft exposure and actions required to address exposure.
* Structure any expected gifts and/or inheritance so as to protect them from claims of creditors.
* Explore any special opportunities to address unique needs (for example, captive insurance company for physicians).
* Provide for pets as appropriate.
* Establish SMART priorities for moving forward.

# 4. Charitable Giving

## Definition

Charitable giving is the process of using strategies to maximize the effectiveness of charitable intent.

## Goal

* To enable significant charitable gifts that are exponentially greater than what would have been previously possible.

## Action Items

* Determine charitable intent.
* Evaluate strategies to fund charitable intent while providing for assets in retirement and/or wealth transfer opportunities:
* Name charity or charities as beneficiary of retirement accounts.
* Gift appreciated stock or mutual funds to charity or charities.
* Create charitable lead trust.
* Create charitable remainder trust.
* Set up family foundation.
* Establish SMART priorities for moving forward.

# Revisiting Your Total Client Profile

As you will recall, during our Discovery Meeting we discussed what is most important to you in seven areas of your financial life: your values, goals, relationships, assets, advisors, process and interests. We then created your Total Client Profile, which is presented below.

As we move forward over time, your Total Client Profile will likely evolve to keep pace with your changing goals or priorities. Some things that are important to you now may fade, while others—such as grandchildren who are not even born yet—may leap forward in significance.

