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RECOGNIZING THE OPPORTUNITIES
WHAT TO WATCH FOR

VIDEO TRANSCRIPTION

John Bowen: Okay, when we're recognizing opportunities to serve our clients and our perspective clients better, let's go over what we can watch for. Remember, this is not an exhaustive list, but I want you to get thinking and depending on the clients you're working with, you might even create your own matrix of ideas, and what we are going to find over and over again that you're going back to many of the same ideas to solve client's concerns.

Why? Because they work. Let's take a look here. So, as we dive in to what to watch for, what we found that when you construct the detail understanding of your affluent clients using the total client model, that many of the opportunities to serve the clients are going to repeat themselves, repeat themselves over and over again. They're common, reoccurring, and we've identified below some of the higher probability ones.

As professionals, when you become more practiced with us, you're going to see the opportunities. I mean, they're going to jump out while you're doing the discovery meeting, but again, don't float the trial balloons. Go through, and then we're going to put the recommendations together for the follow-up meeting.

For each of these high-profile opportunities, we'll first highlight what to watch for and then point out likely problems, some potential solutions, and these are talking points to be used, with a client or prospective clients. Let's take a look.

One, you're going to watch out for highly concentrated stock positions. Problem. Well, I'm in Silicon Valley, I can tell you over and over again, horror stories on lack of diversification. So, what are some of the solutions? Well, again, creating a well-diversified, potentially using a charitable trust to minimize taxes, employing various hedging things, and one of the questions you're going to be asking, "Are you comfortable with having such a large percentage of your wealth in a single stock?"

I got to tell you, I've had people say, "Yes," and you can give them the alternatives and sometimes, I'm going to say more often than not in Silicon Valley, it's gotten easier, but again, sometimes it's not. You want to be able to really keep an eye open for this.

This one, unfortunately, it's too often affluent clients with special needs children. So, the problem is we've got to ensure for the care and treatment of their children, no matter what, if they're not there particularly. So, we want to develop cost projections, potentially establish a special need trust, and structurally oversee the structuring of an investment portfolio to address the income needs.

Now, notice there's a couple of things in here that you can't do unless you're an attorney, which is creating the trust. The other thing that doing the cost projections you can do, many of the top financial advisors work with the accountant to do this. Yes, they're going to bill for it, but they're oftentimes doing a lot more of this and this can be a great way of playing well together.

Okay, what else do we have? Watch out for an estate plan that is five years old or more, and with the recent changes in the estate tax law, it's going to be a big thing. So, problems. An estate plan that doesn't provide correctly for the resolution of what the client wants. Oftentimes there's a life insurance policy that is just too old, just as old as the estate plan that may not be set up right.

So, review, see if there's any gaps in the plan, and you also look to see if there is a 10 35 exchange potentially, for life insurance or select a new policy, that type of thing. Talking point, if you could have the exact same life insurance coverage for less cost, would that be interesting? Watch out for teenage children driving vehicles titled in their parent's name.

I got to tell you, we had a neighbor in our small community, his daughter had lent a car to a friend and they own a very successful business in town and the friend was getting something off the floor of their car, looking down, and when she looked up, she ran into four bicyclist killing one and injuring very seriously the others. Huge liability.

This stuff happens unfortunately, it's terrible, but if the child is in a car accident and someone is injured or killed, the parents may be liable.

What are some of the solutions? Well, this is asset protection, setting up structures to protect that. We see umbrella policies so often not up to speed. Talking points, if your son hit a bus full of preschool children, someone on the bus was badly hurt or injured, killed, the loss would cut off through your umbrella policy and everything you own may be lost.

So, the key is finding out, helping them visualize this. Watch out for affluent clients with second or third are abundant. My guess is you've had all this, and you can go and I'm going to just skip down. Are you interested in all the children inheriting equally? I could tell you, a lot of times that's not the case. What about valuable collections such as artwork and jewelry? When was the last time you took a good look at the value?

Oftentimes it's gone up dramatically. I have a friend that owns a series of cars that he bought, a big car collection, for a few million dollars that is worth many, many millions of dollars now. We were out skiing together, and I go, "Geez, you've got to address this."

VIDEO TRANSCRIPTION

He hadn't. He wasn't really working with a current financial advisor. What to watch for a business owner with equity, and I'm not going to read you all of these. You can do that, but what we wanted to do is get you thinking what to watch for. What's the problem? What's a potential solution? Then how do you communicate it? So, you raise a question for the client and hear from them, because remember, it's their money. They get to decide what they want to do.

Okay, now that we know what to watch for, where do we go? Well, let me share. In the next video what I'm going to do, is I'm going to help you make it real and we're going to identify how to put this into place. I'll see you there.