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ZIMMERMAN
WEALTH MANAGEMENT

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Disbursement Decisions, Qualities of Life

Retirees seek ZWM's counsel on providing for themselves and their family

The Client
John and Rebecca, a retired couple in their early 70s, found themselves at a point in their lives where they were enjoying a very comfortable lifestyle. So plentiful were their assets that they started to talk about ways to provide for their family, which consisted of their three children and seven grandchildren ranging in age from six to 16. The couple's attorney, familiar with the work of Zimmerman Wealth Management, referred John and Rebecca to the firm for wealth management advice and counsel.

The Goals
After further thought and initial discussions with the experts at ZWM, John and Rebecca realized they actually wanted to achieve several specific financial goals: 1) establish an estate plan allowing them to distribute funds to their children with minimum tax exposure for all; 2) help their children pay for their grandchildren's education; 3) plan for the possibility of long term care in the event of an illness; and 4) maintain the life to which they had become accustomed and as a special expenditure, take a long-awaited trip around the world aboard the QE2.

Our Approach
Once we worked with John and Rebecca to determine their specific goals, we developed a comprehensive plan that quantified each of the goals and provided an analysis of the couple's existing assets. The plan also included projections as to how long John and Rebecca might be able to enjoy life "in the style to which they'd become accustomed" with different variables thrown into the mix, such as a health event, higher inflation or lower returns on investments. These projections were done to test the staying power of their assets, a process ZWM calls "stress testing."

As part of the planning process we also reviewed the couple's existing estate plan, which consisted of wills and trusts that had not been updated for eight years. Given that the tax laws as well as their family situation had changed significantly, we coordinated a meeting with the family's estate planning attorney to revise these important documents as a means of helping to ease the family's future tax burden.

The results
The planning process revealed that John and Rebecca had enough money to maintain their current lifestyle, including their various club

memberships, charitable donations, subscription to the opera and several vacations each year to their second home, with plenty left over to achieve their goals. Even in a stress-test situation, the couple's estate was projected to grow from its current $4.5 million to $7 million in 10 years. Knowing this, we were able to cross one goal off their list by confirming their assets would provide more than adequately for most health care situations, so they did not need to purchase long-term health insurance.

We supervised a reallocation of the couple's investment portfolio into a more appropriate mix, ending up with a more conservative, broadly diversified equity portfolio and a bond portfolio that made the most sense for their particular situation. With these changes, the couple is now comfortably contributing $22,000 per year per child towards their grandchildren's education.

John and Rebecca are now planning that trip on the QE2, content with the knowledge that they are living within their means, able to take care of their family and that their assets will continue to grow.