

STARTING THE YEAR OFF RIGHT: A WEALTH MANAGEMENT TIMELINE

NAVIGATING THE DEADLINES AND DEMANDS OF YOUR WEALTH MANAGEMENT CAN BE CUMBERSOME, ESPECIALLY FOR HIGH NET WORTH INDIVIDUALS BALANCING MANY INVESTMENTS, OBJECTIVES AND INTERESTED PARTIES. DEVELOPING AND ADHERING TO A LONG-TERM PLAN WILL MAKE THE PROCESS EASIER. THE FOLLOWING SUGGESTIONS FOR DEVELOPING A FAMILY WEALTH PLAN AND YEARLY TIMETABLE SHOULD HELP YOU IN THIS PROCESS.

ESTABLISHING A LONG-TERM WEALTH PLAN

Whether you have a family wealth plan in place or are solidifying your long-term approach for the first time, the beginning of the year is an ideal time to assess your overall wealth situation and plan for your family's future. Just as New Year's resolutions fail because we find it difficult to change old habits, those financial goals often fall by the wayside as well. Most important for wealth planning is the execution – often called the “care and feeding” of the plans.

Proper management of wealth involves a host of tasks and responsibilities that can easily overwhelm day-to-day life. Investors and families must run what amounts to an increasingly complex business – they must be able to understand and integrate tax, legal and investment advice into a cohesive plan that addresses their current needs while protecting future generations. Often just identifying the right questions to ask can sometimes be an insurmountable first step.

We believe that establishing clear goals ensures the best results. The first step is to establish a clear long-term vision for you and your family and to approach the component parts of your wealth as a single, integrated whole. Organizing information, maintaining records and keeping track of the overall process can seem overwhelming but breaking into manageable, monthly tasks can put you back in charge of your financial affairs and ensure that your strategic plan for your wealth, your family and your legacy, are managed appropriately throughout the year.

While each family is different, the action items set forth below should allow you to create a calendar of activity for you and your advisors to follow throughout 2017.

A WEALTH MANAGEMENT TIMELINE

In addition to the actions detailed below, we recommend that you regularly review your monthly, quarterly, and yearly financial statements. Monitoring your portfolios' conformity to the desired asset allocation and tracking the performance of asset managers will help you achieve your financial goals.

Meeting with your financial advisor at least semi-annually, or more frequently if possible, will enable your advisors to best assist you in realizing your objectives. These meetings should supplement the suggested timeline here.

Also, many families find it helpful to convene an annual meeting with their family. Such a meeting is an occasion to review the overall strategy and to assess the impact of specific events that may have occurred during the year. These meetings can be an opportunity to communicate your financial strategy with family members and to

evaluate the success or failure of the steps taken to date.

January

- Begin creating your personal tax file for the 2016 tax year. As Tax documents begin to arrive in the mail (and some may be sent to your accountant directly) establish a common location or process to ensure the information is captured appropriately. This is a good time to review old calendars and your checkbooks, and consider whether moving to a digital archive makes sense for your recordkeeping. In particular, remember to save records of:
 - Deduction items, such as medical expenses, mortgage interest, journal subscriptions, professional fees/memberships, bills and receipts from taxes paid, and charitable donations
 - Copies of brokerage statements
 - Sales and closing documents from purchase/sale of assets
- Estimated tax: Taxpayers who have income that varies drastically from year to year often pay quarterly estimated taxes. If this is your practice, then your accountant should advise you as to whether your Fourth Quarter taxes should have been paid in December of the previous calendar year or January of the this calendar year
- If necessary, work with your accountant, with the input of your financial advisors, to create projections of your tax situation for the next few years. As you review your checkbook for deductions or other expenses, note the quarterly estimated tax payments you have made and confirm amounts and payment dates with your accountant to be sure nothing was missed
- Schedule a *Year-End Portfolio Review* with your financial advisors to assess your 2016 performance, rebalancing to be done and cash needs for the first quarter. This is a good time to review your Investment Policy Statement (IPS), which includes your risk tolerance, time horizon and cash flow needs. (if you do not have an overall IPS for your accounts, we can turn to this over the course of the year)

February

- Agenda items for the *Year-End Portfolio Review* with your financial advisor about your short- and long-term goals, should focus on the following questions:
 - What income is forecast for the year from your portfolio? What major inflows or outflows are expected?
 - What has changed in your longer-term objectives that may impact your investment goals?
 - What surprised you about your 2016 performance relative to the benchmarks you chose for your portfolio?
 - With respect to your Investment Policy Statement (IPS) for each account (as well as your overall portfolio), what may have changed with respect to your risk tolerance, time horizon and projected cash flow needs and anticipated capital gains?
 - Do you intend to make any gifts this year? Will you set up a perennial gifting plan for family members or for charity?
- Valentine's Day is February 14th – what better gift to you or your loved ones than to set up a digital archive of your records? Give them the “peace of mind” that comes with knowing where everything is. Don't forget to set up procedures to access digital information (including your email, social media or investment accounts) after death by ensuring that you have the right language in your wills, revocable trusts, and powers of attorney to create a digital executor
- If you have household employees, you will need to ensure that their W-2s and W-3s are submitted to the Social Security Administration by February 28th

March

- With taxes due next month, review your preliminary information with your accountant and, if you are likely to be dipping into the AMT, be sure to notify your investment team so they can plan accordingly
- Consider making gifts to adult children (where eligible) to fund IRAs
- If you turned 70 ½ last year and have an IRA or a company retirement plan, you have until April 1st, of this year to take your required minimum distribution (if you have a company retirement plan, you do not

have to take a required minimum distribution until you have retired). Contact your plan administrator to arrange for this if it applies to you

- If you are considering a summer Family Meeting, begin the preliminary planning process by end of 1Q2017
- Consider adding a personal financial literacy goal to your yearly agenda, and commit to monthly or quarterly goals for improving your financial savvy. How about setting up a similar program for your children or working to improve communication about finances with your spouse?
- Schedule the 1Q2017 Portfolio Review meeting with your financial advisors for April

April

- Finalize income tax returns if possible, or file an extension. In either event, in order to avoid IRS penalties, you must pay either the actual amount you owe or an estimate of what you owe by April 15th
- If you pay quarterly tax, the First Quarter tax payments are also due by April 15th
- Consider making last minute contributions to retirement accounts by April 15th
- As you review your return, consider whether philanthropy (and a broader philanthropic program) should be added to your overall goals for the year
- Hold *1Q Portfolio Review* with your financial advisors, assessing completion of to-dos from the previous Year-End Portfolio Review meeting, and schedule follow up items

May

- At this point in the year, the legislative calendar in Congress has begun to take shape. With an aggressive plan set forth by the incoming Trump administration, May should be a good time to review your overall estate plan with an eye towards the proposed changes
 - Discuss what these changes may mean to your overall plan (keeping in mind that, death and taxes are truly the only certainties and the corollary to this is that the tax laws will most certainly continue to change over time)
 - Review the dispositive provisions in your estate documents, apart from potential tax law changes, as to whether developments within your family warrant a change in when and how funds may be disbursed under your estate and trust plans
 - Consider whether the asset allocation and investment strategy for any trusts or other planning entities are aligned
- Finalize plans for your summer annual Family Meeting in terms of agenda and location. If you are doing any surveys or pre-reading, consider finalizing them this month
- Revisit your personal financial literacy goals for improving yours and your family's financial savvy

June

- Summer begins! Before you head to the beach or mountains, take a minute to review your cash flow and investment performance year-to-date and if it is in line with your expectations
- Schedule mid-year "check-ins" with your financial advisors on tax planning, and financial goals
- Host summer Family Meeting
 - Now is a good time to revisit your personal financial literacy goals as a family
 - Have you created a Family Mission Statement?
- Consider next steps from your annual Family Meeting. Consider the benefits of "play time" for your family and incorporate games, or gamified educational programming, into your financial literacy programs
- Finally, don't forget to calculate and pay Second Quarter estimated federal and state income taxes by June 15th

July

- Summer can be a great time to reflect on longer term strategic goals. If you look out five to ten years, what are needs to happen between now and then to make your dreams a reality? With kids out of school, think about what experiences they need to have to become financially literate adults: is it a summer job? Leadership skills? Volunteer experiences? Use this time to build lasting memories and expertise in your rising generation!
- Within that longer-term planning, what governance or business succession issues arise? How might you begin planning for a generational transfer?
- Consider an annual assessment of your Family Office (even if you are the only member of your family office!) and address anticipated needs, changes or additions to your team of advisors for the balance of 2017

August

- Summer vacation and Back to School preparation! What “Autumn Resolutions” do you want to make for the balance of the year?
- Review progress of your year-to-date gifting objectives for both charity and family needs. It's a good time to consider making donations of appreciated stock to a donor advised fund, foundation or charity and harvest gains as you plan to rebalance over the fall months
- Revisit those personal financial literacy goals for improving yours and your family's financial savvy. What is missing from your repertoire?
- Schedule 3Q2017 Portfolio Review with your financial advisors, incorporating any previous action - items from prior meetings

September

- Implement the “Autumn Resolutions” and perhaps create a program of events or education items to support your new-found burst of energy and organization? Studies show that more people make, and keep, “resolutions” in the fall months than in January!
- If you have created lifetime trusts, have you had an annual meeting with the beneficiaries? If not, when will this occur and what information or documentation is required?
- Request a preliminary YTD trust accounting of trusts and other investment accounts now, in anticipation of raising cash for year-end distributions
- If you have been working on new trusts or estate plans, particularly considering the Congressional activity from earlier in the year, be sure to focus on when and how these will be finalized, if they need to be done by year end. Bring your investment team into the loop so they know what funds might be moving to new accounts, or what paperwork will need to be created
- Hold your annual Family Foundation Meeting with your trustees and financial advisors, making any final grant donation decisions, and preparing for any cash needs for donations from your family foundation
- Calculate and pay your Third Quarter estimated taxes by September 15th

October

- October is National Digital Security month. Plan a review of your cybersecurity protocols, including:
 - Where are files stored?
 - How do you protect them?
 - How do you access them?
- Set up procedures for your digital access after death by adding language to wills, revocable trusts and powers of attorney that address your digital footprint
- If your tax returns are on extension for the previous year, then the final return is due on October 15th, along with any interest or penalties due. After the tax deadline, begin year-end planning for asset sales, large charitable contributions, and family gifting

- Review year-to-date performance with your investment team and begin a program of harvesting losses. If you are looking to rebalance your portfolio, use these losses – and donations of appreciated securities to charity—to take some gains off the table

November

- With the holidays approaching, time seems to fly by faster and faster each year. Continue discussions with your financial advisors as to portfolio performance and rebalancing. How did your projections from January mesh with your actual performance and cash flow needs?
- Meet with your tax advisors to talk about year-end tax planning, recordkeeping and whether to accelerate or defer income or deductions if possible between 2017 and 2018
- Revisit those personal financial literacy goals!
- Most families use holiday gatherings for a less formal family Meeting. This is a good time to host required annual meetings for entities (such as family partnerships or foundations) and document accordingly. If you are gathering with your family in a social setting, use storytelling to share your values (and that new found financial literacy!) to create a different modality for learning across generations

December

- In any year-end Family Meeting, if you have a more formal meeting, consider adding a:
 - Review of family goals, long-term plans and estate plan
 - Review of any follow up action-items from the annual summer Family Meeting
 - Summary of your personal financial literacy goals as a family and celebrate your accomplishments
 - Consider the benefits of “play time” for your family and incorporate games, or gamified educational programming, into your gatherings
 - Assess investment performance for the year and portfolio composition; make any necessary adjustments to the portfolio or budget
- The required minimum distribution (RMD) for any year after the year you turn 70 ½ must be made by December 31st (For example, if you turn 70 ½ in 2017, you are required to take a RMD by April 1, 2018. You must also take a RMD for the 2018 tax year by December 31, 2018)
- Complete your year-end tax and gift planning, making any gifts or charitable contributions early in the month to avoid delays as the transfer agencies are exceptionally busy in the final month of the year
- Make final gain/loss trades to harvest losses for 2017

CONCLUSION

A little bit of preparation, planning and recordkeeping in the short term can help you to achieve your long-term financial goals. Spending time throughout the year to address the ongoing responsibilities of wealth management may help you make better decisions, avoiding mistakes and rushed decisions. By developing a strategy to organize your finances and to coordinate your financial advisors, you will be better able to evaluate your financial condition, set long-term goals, and determine if the steps your advisors have implemented are actually achieving those goals.

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