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To Our Investors:

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The Most Important Heir to Prepare: Part 1 of *Preparing Heirs Series*

I have been helping high-net-worth families with their finances for almost 40 years as a professional investment advisor, as a Tiger 21 peer and as a friend. Based on my experiences, after a wealthy family has successfully organized their retirement income for the first generation and helped their children launch, many change focus to preparing their heirs for future inheritance. This is a noble and important task which will likely take decades to conduct properly (I will expand upon this topic in future series). However, the family's primary concern needs to be preparing the heir who will accede to the responsibility of stewarding the family resources after the head of household passes; most often, this is the spouse. (While I will refer to the "spouse" in this report, statistically the survivor is the female, non-income producer in the marriage.)

In my book, [*Cash Out, Cash In: The After Success Investment Guide*](#), I wrote a chapter directed toward widows and divorcees who find themselves unprepared. I also recommend reading the chapter on writing a "what if..." letter to your spouse with instructions on practical issues that are not covered in your estate plan. There I outlined how to create a road map of your different holdings and advisors for your spouse.

There are so many elements to consider when planning for your future that it can seem overwhelming; yet, imagine the possible ramifications of not properly preparing your partner. And as we all know, we are not talking about an *if*, but a *when*... Here are a few tales of successes and averted tragedies that I hope will encourage you to prepare your precious heirs:

- **Tale of the Breadwinner:** A husband was having difficulty getting his wife to engage in the family finances. He had always been the money manager in the house, so she was unfamiliar with basic terms and uncomfortable with anything having to do with finance. This made him uneasy and their communication on the topic became tense. His solution was to give her \$1 million in her name - unrestricted - of which she could be solely accountable. The money was hers to do with how she pleased without involving him. She could buy a car for her mom, invest in whatever she found interesting and did not need his prior approval. However, the arrangement was contingent upon her opening an account with a reputable female advisor who would put the money to work. She started investing slowly, began tutorials with her new advisor about traditional investing and reading statements. Soon she had a relationship with an advisor whom she trusted and understood her goals, concerns and risk tolerance. The wife's confidence grew and the arrangement became less of a burden and more of a privilege for both spouses.

- **Tale from Beyond the Grave:** An established businessman one day learned that he was dying of cancer. He was an experienced CPA who spent his career accumulating and investing over decades - the quintessential "do it yourself" investor. In all their years together, the wife was never kept apprised of his investing techniques nor was she capable (in light of the recent circumstances) to become her husband's caregiver and the new household manager. Therefore, the husband had the wise foresight to share his investment strategies and wishes with his trusted advisor, instructing on his investment allocation and selection strategy so they could execute his preferences before and after he passed. The husband had already sold his home and moved them into a luxury retirement community where his wife could happily live in his absence. He passed knowing his spouse would be well provided for by the continued implementation of his investment discipline, and she was left without fear of her financial future.

- **A CEO's Tale:** The CEO had a fairly complicated estate with Q.P.R.T.s, a captive, an asset protection trust, multiple family and dynasty trusts, family limited partnerships, LLCs and dozens of K-1s. What a mess for a third party trying to settle his estate, even with an accurate list of assets and titles! Therefore, he created a memo outlining the purpose, plan, participants and managers of each entity which he updated annually. Further, this memo was stored on a secure online vault that housed the necessary documents for each entity. This online vault was one part of a larger online platform that automatically updated his entire family balance sheet daily. That way his advisors, his wife and their heirs could have secure access to his entire (current) financial situation in one place. This sophisticated solution created clarity and peace of mind for the CEO as well as his loved ones - the ultimate legacy.

Helping your spouse prepare to take responsibility for your family's finances is a valuable gift for both parties. They will have enough to grieve without compounding financial uncertainty and confusion. For your spouse's sake, I urge you to take some steps to set them up for success in your absence. After you have confidently educated your spouse and any other professionals and organized your documents, you will be ready to advance to the next stage: preparing your children to be good stewards and heirs to your estate.

Until next time,

Mark Van Mourick

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