

NO. 3

# Everyday Scenarios

## and sensible solutions

Preserve Protect Simplify

### Everyday Scenarios

*Savvy management decisions are my strong suit. But when it comes to smart personal investing I'm way outside my area of expertise.*

"The first thing a smart CEO learns is to surround himself with even smarter people. That's why I'm here," said George, cutting right to the chase—and winning our hearts, as well. "I've kept my company on-track through good times and bad. Had some fun doing it, too. But now I want to ease out and give myself time for other things I value."

What things? "Oh, the usual," he told us. "My family. Golf. A community service project or two. First though, I need to know how well my investment program—such as it is—can support these goals."

Bottom line: George, a successful corporate executive, has always saved and invested for the future—but without an overarching strategy. "I'd never run my company in such a hit and miss fashion. But, somehow, my investment and real estate ventures just sort of . . . happened. Any ideas?"

**Of course we had ideas. And the expertise to make our trust and investment management capabilities work most effectively for George. What he liked best of all was our independent structure—and the flexibility it provided in tailoring a plan for his needs.**

The first order of business: an overall financial review that revealed possibilities, as well as a potential estate planning problem. Since his last will was drafted, George's assets had grown dramatically, exposing his family to unnecessary transfer taxes. We recommended a meeting with his attorney to update his will and explore the benefits of transferring wealth via trusts.

And the real estate he'd acquired over the years? A review of those holdings from an investment standpoint—evaluating return against cost of carry—revealed some amazingly smart picks, well worth hanging on to in spite of the hassles of supervision.

The balance of his investments, as George suspected, needed a sharper focus and some judicious editing—especially his heavy concentration in a single stock. "When I find something I like, I stick with it."

There's a lot to be said for loyalty—as long as the stock continues to do well. But if things change, a concentrated investment offers significant price and income risks, as well as capital gains considerations when liquidating. There are a number of strategies for addressing these risks which, over time, will restructure and diversify George's portfolio. We also recommended repositioning a recent inheritance of stocks with some bonds to generate current income.

"You folks keep an eye on things for me. You don't seem to miss much." Coming from George, we consider that a compliment indeed.

*In the interests of client confidentiality—which we take very seriously, George is a composite example. The services described, however, are real, and represent just some of the ways we help clients preserve, manage and transfer wealth.*