

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGIST

AAPG FOUNDATION

SEPTEMBER 10, 2011

“Legacy Planning”
A Values Based Approach

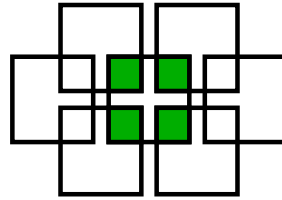
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Tulsa, Oklahoma

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Strategic Planning...

Values Based Planning

VS

Tactical Planning



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Examples in this presentation are hypothetical in nature and are for illustration purposes only. They do not represent the performance of any particular product or reflect the holdings of any particular person.

Most Planning Begins and Ends With Numbers



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Start at A Different Place



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Vision, Values & Goals

WHAT & WHY!

Above
↕
Below

The Planning
Horizon

HOW & WHO!

Strategies, Tactics and Tools



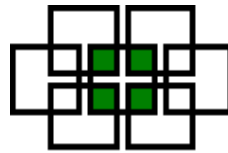
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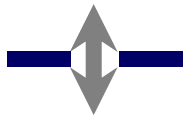
Vision, Values & Goals

WHAT & WHY!

The Integrated Planning Process TM

Family Financial Philosophy
Statement of Investment Policy
Integrated Solutions TM
Family Constitution

Above



Below

Planning Horizon

Wills, Revocable Trusts, Irrevocable Trusts, General Powers of Attorney, Health Care Directives, Life Insurance Trusts, FLP's, LLC's, DONOR Advised Accounts, Support Organizations, Family Foundations, CRT'S, CLUT'S, CRAT'S, Generation Skipping Trusts, Valuation Discounts, Inheritor Trusts, Offshore Trusts, GDOT's, etc., etc., etc.

HOW & WHO!

Strategies, Tactics and Tools

Vision, Values & Goals WHAT & WHY!



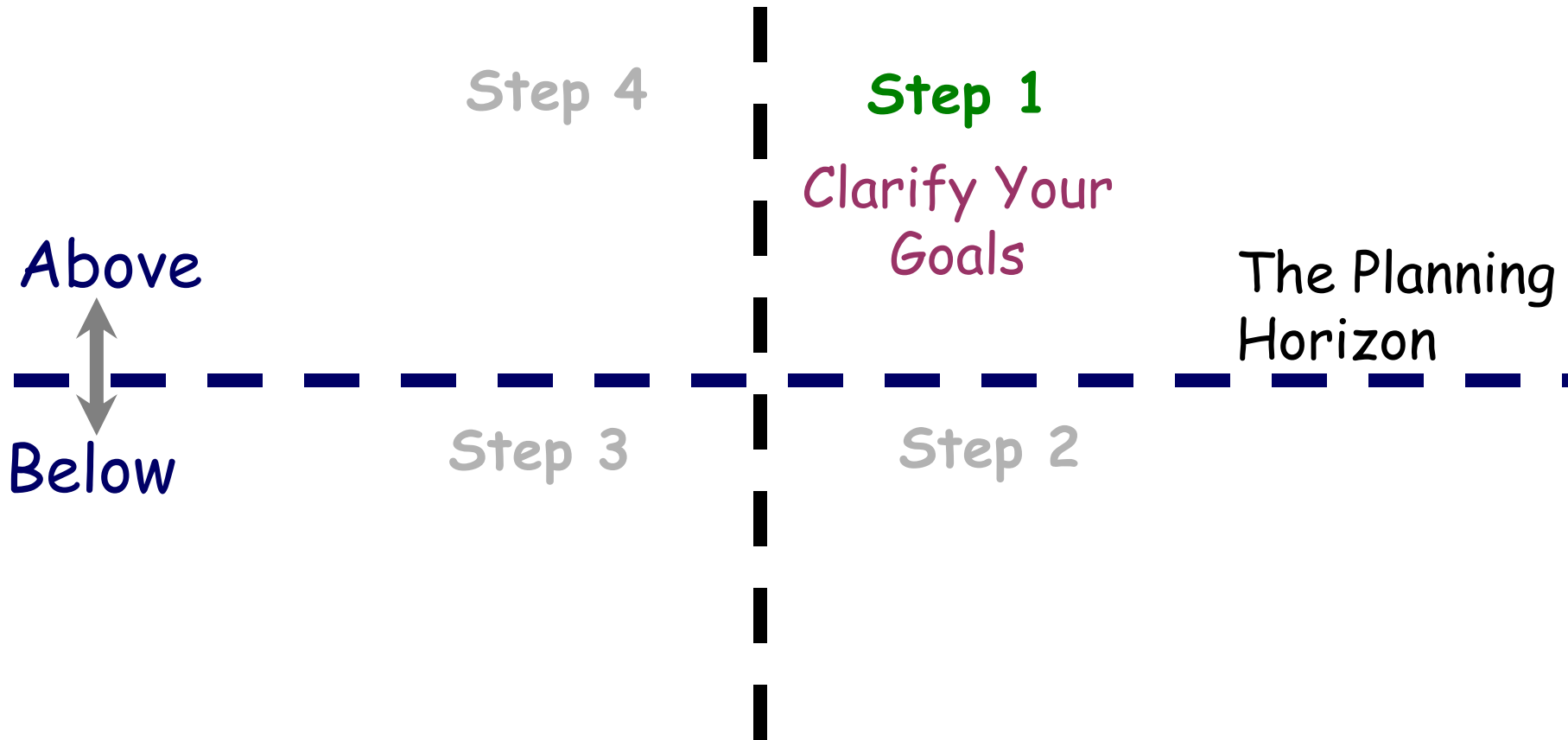
Strategies, Tactics and Tools
HOW & WHO!



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Vision, Values & Goals WHAT & WHY!



Strategies, Tactics and Tools
HOW!



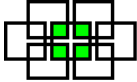
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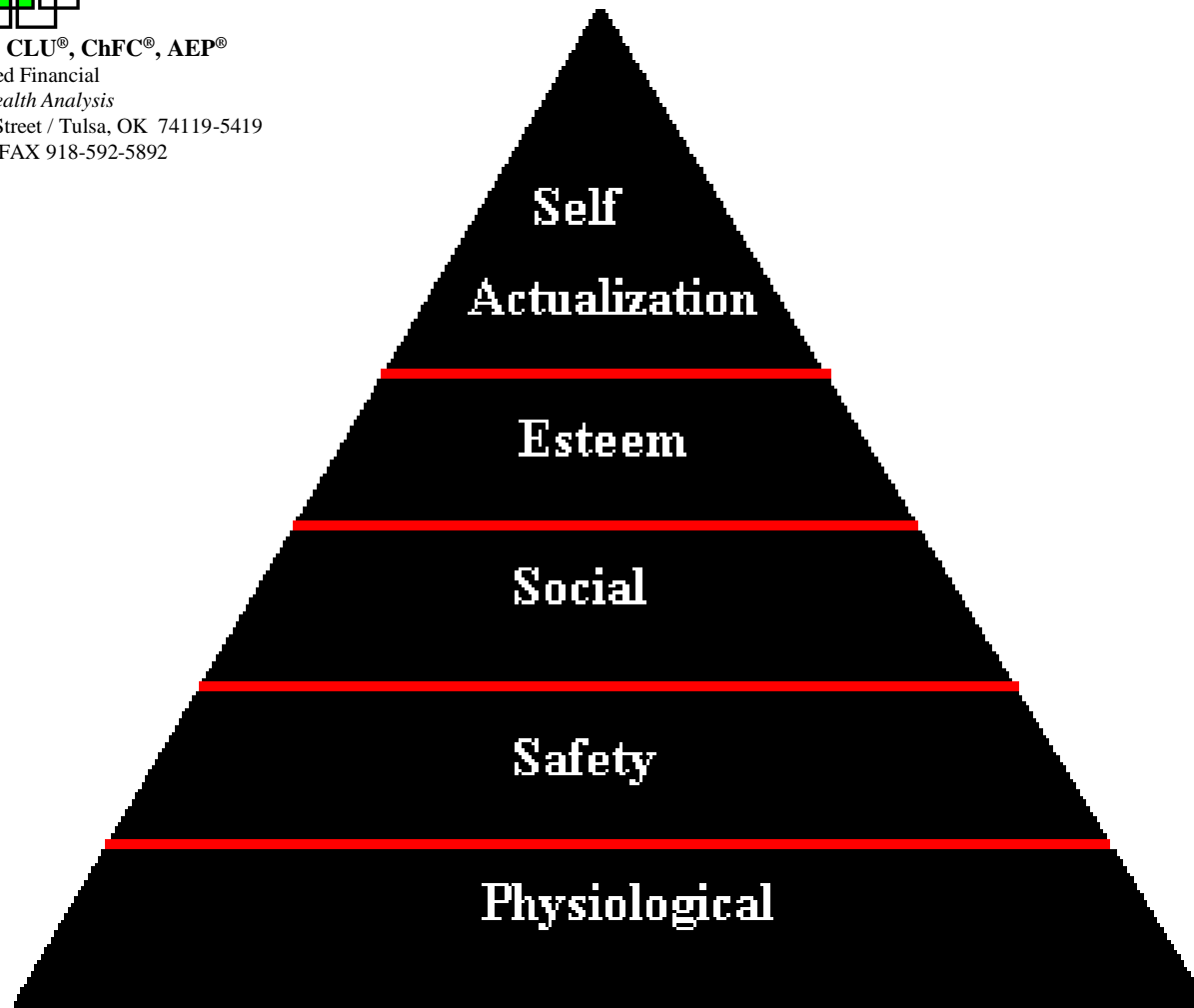
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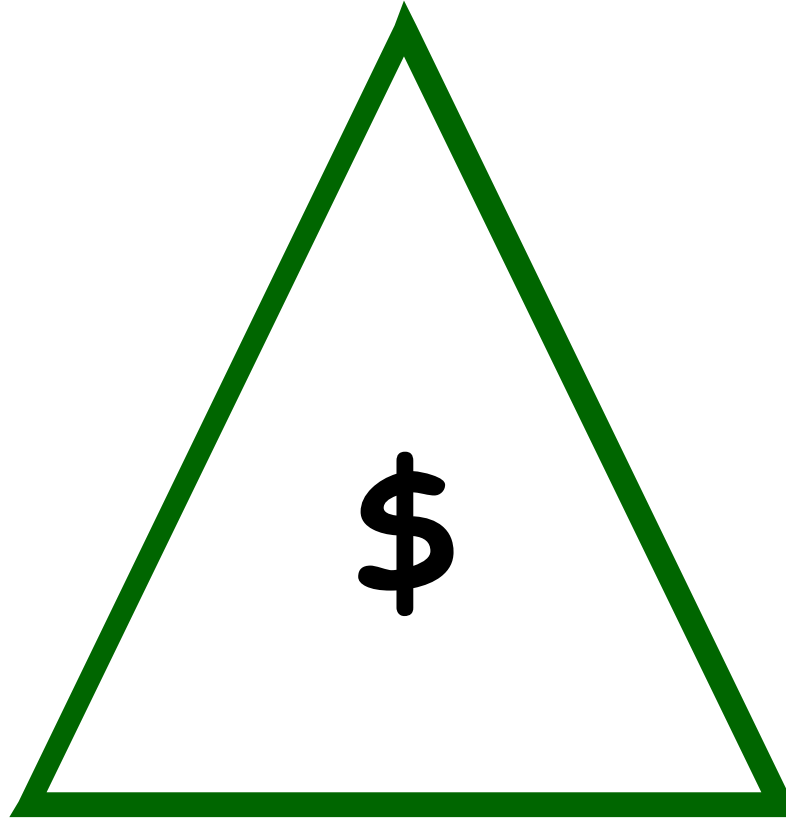
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(Abraham Maslow, Motivation and Personality, 1954)

Maslow's Hierarchy of Needs

100% of your estate



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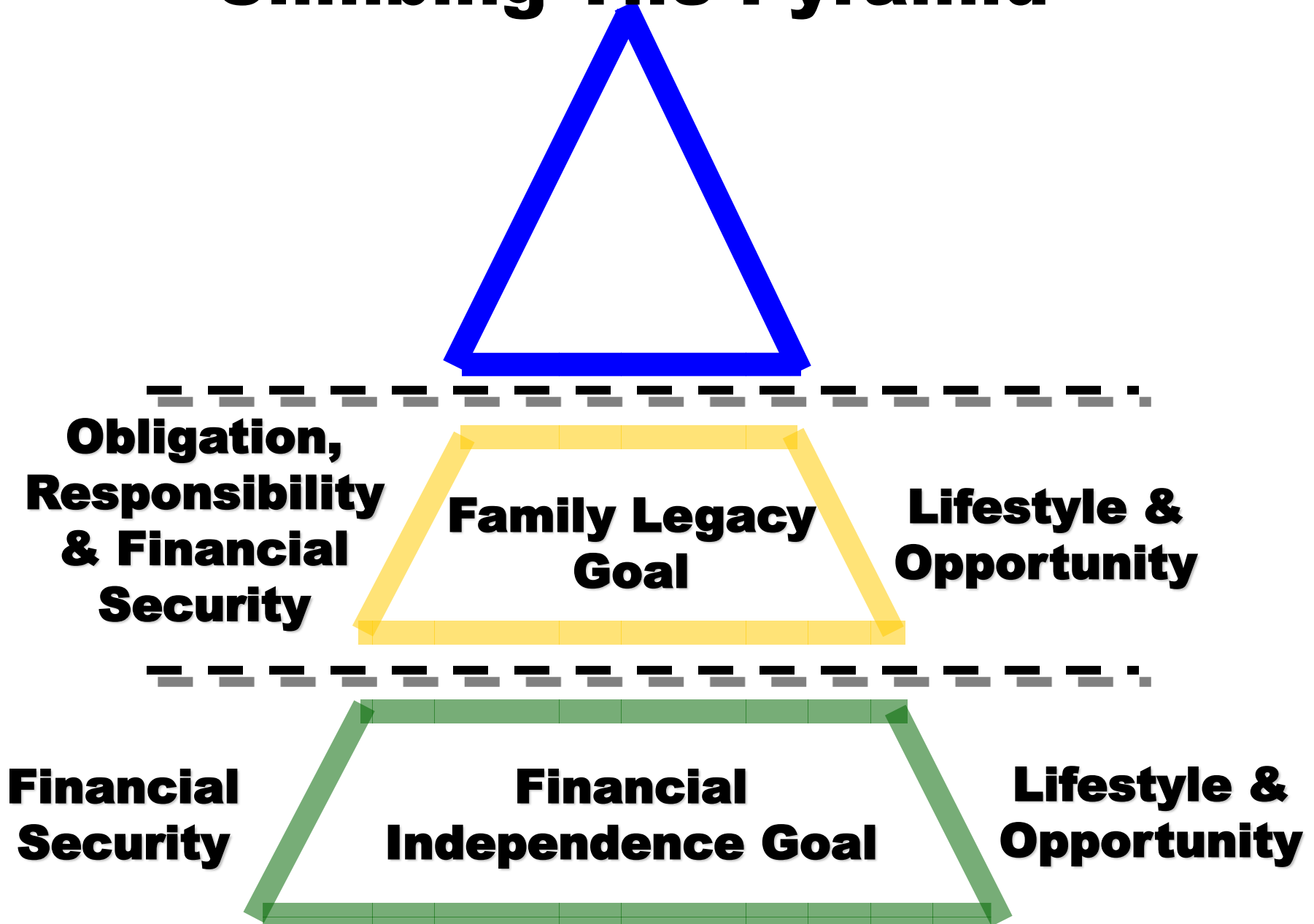
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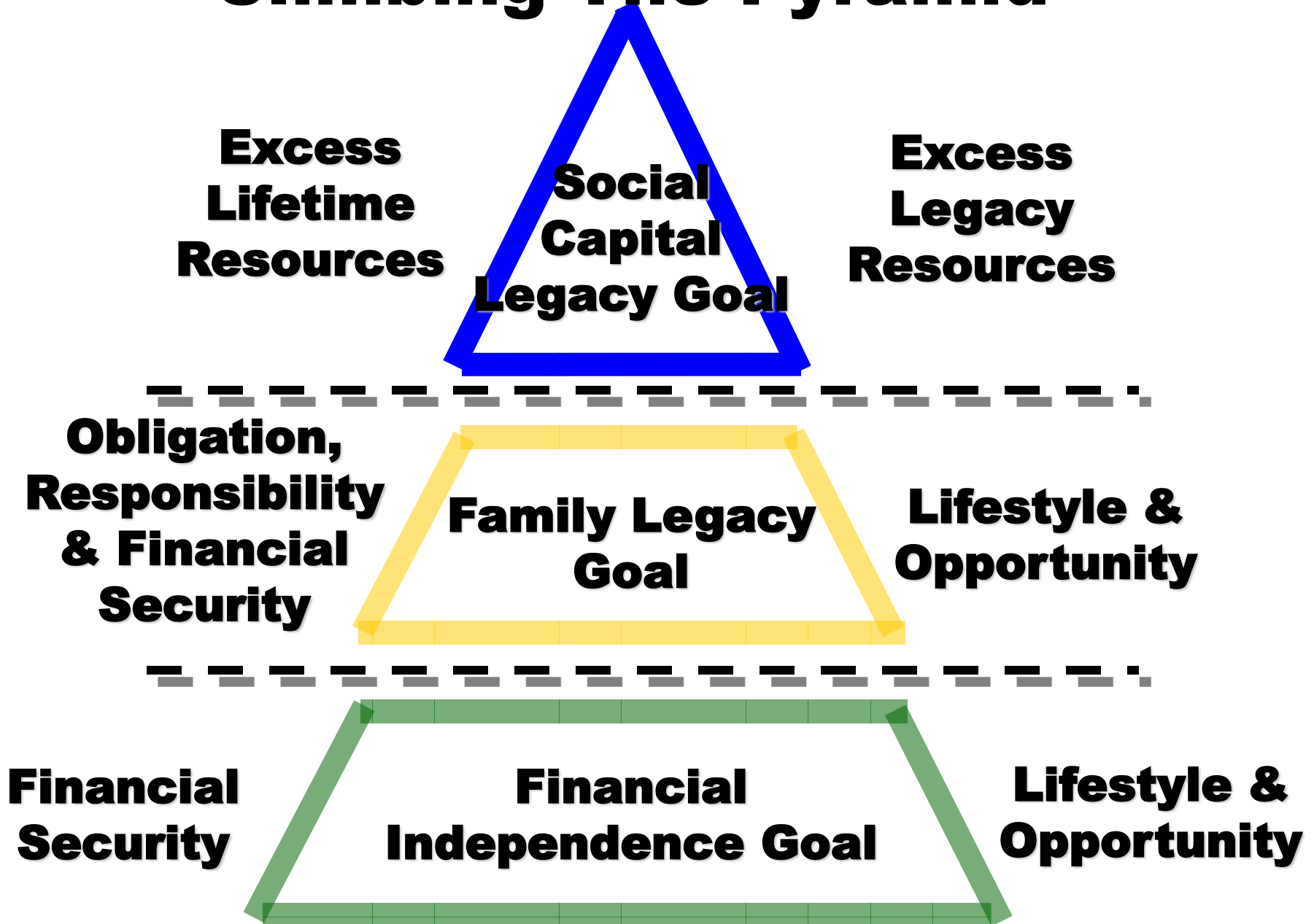
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Climbing The Pyramid



Climbing The Pyramid



Warren Buffett

Parents should leave children
“enough money so they would
feel they could do anything, but
not so much that they could do
nothing.”



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Mature children whose values
are intact could do so much
good in the world, not only for
themselves and their families,
but also for their communities.



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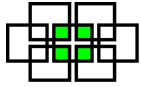
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Financial Hierarchy



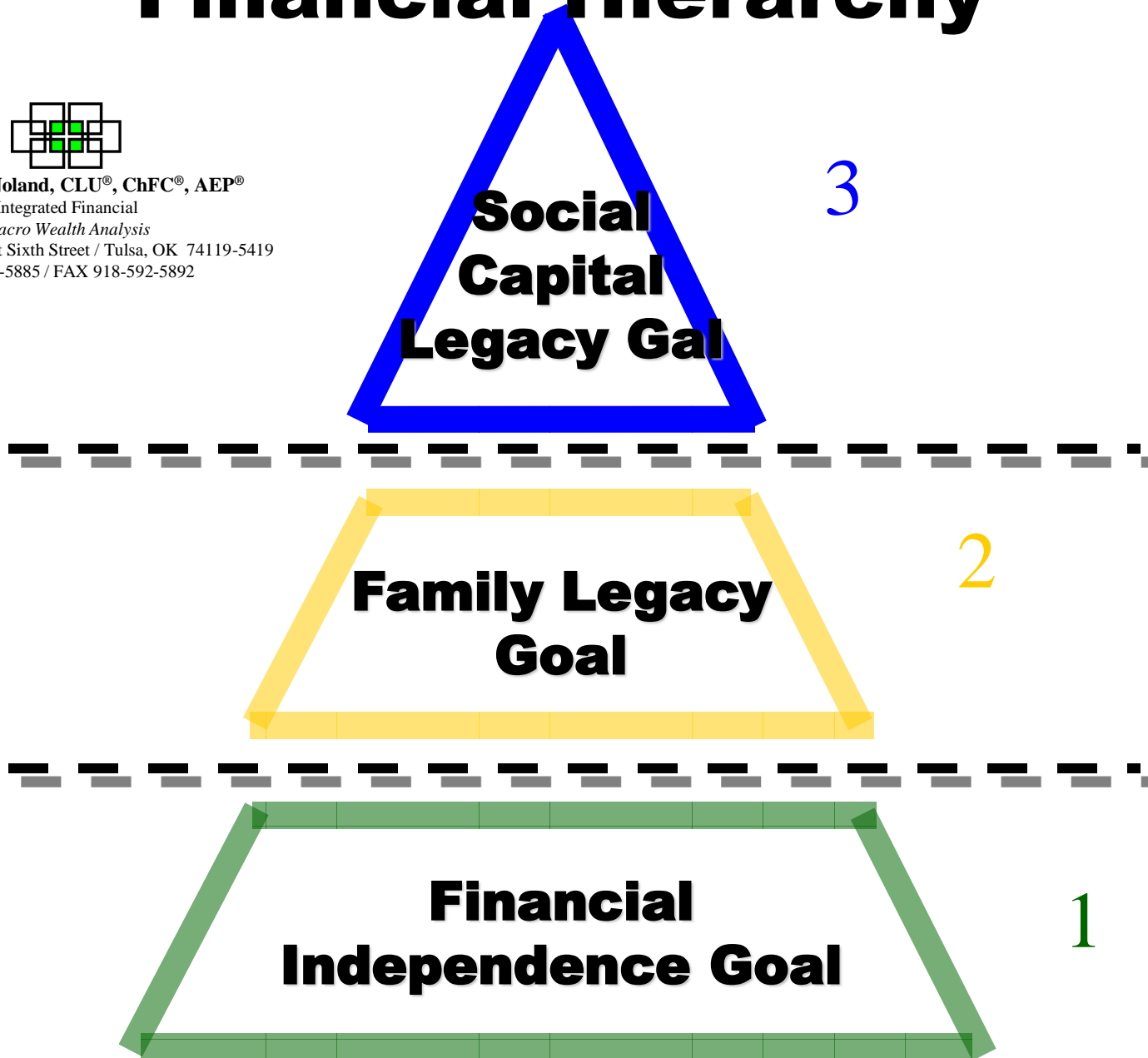
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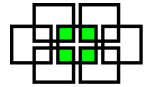


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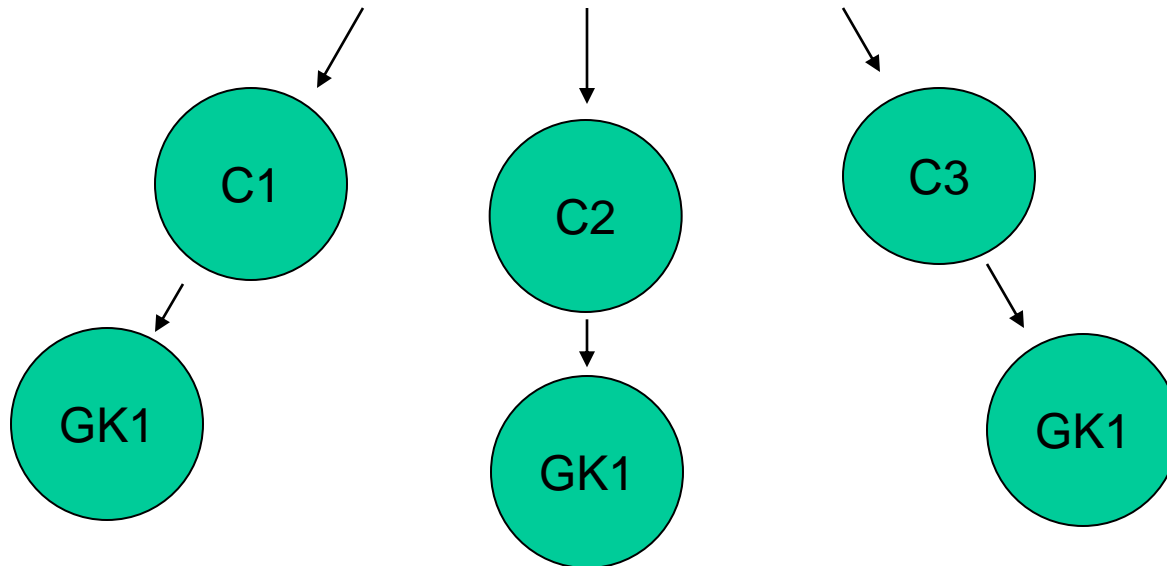


Current Status

Desired Results



The John Smith Generation Skipping Trust





Take your
checkbook to
HeavenTM



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Your values...

...Your estate planning documents



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Trust Purpose and Standards

“The purpose of the Smith Family Legacy Trust is to provide funds, in perpetuity, for the beneficiaries to prosper and enhance their lives and the lives of others in a positive manner.”



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Possible Examples

...encourage self-sufficiency...

...encourage charity...

...discourage habits and actions detrimental to a healthy lifestyle...

...influence others as Christ-centered citizens...



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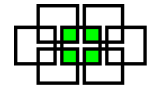
Possible Examples

...reward accomplishments...

...reward religious or charitable activities...

...trust not to be a disincentive for gainful employment...

...encourage positive contributions to society...



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The Smith Family Mission Statement

Vision, Values, & Purpose

Philosophy & Responsibility of Wealth

Primary Planning Goals

Financial Independence

Family Legacy

Social Capital Legacy

Statement of Investment Policy

There are 3 Possible Beneficiaries of a Taxable Estate

1. Family (individuals)
2. Government
3. Charity



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A Million Dollar Question...

Would you if you Could?



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Would you include philanthropy in your planning if it did not take away from your personal or family financial goals?



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Clarifying Your Dream

A Process for Self-Discovery

*Provided by
Michael Noland CLU[®], ChFC[®], AEP[®]
Integrated Financial
and
The Nautilus Group[®]*



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Happiness Is ...

According to the the Declaration of Independence, we are given the right to pursue happiness, each of us in his or her own way. In your view, what makes a life or family good, successful, happy or fortunate?

Which of the virtues or achievements listed below are included in your particular vision of success or happiness? Initial your individual top 7, then if relevant, circle those that mean the most to you as a couple or family.



___ / ___	Personal success.	___ / ___	Becoming more loving, patient or tolerant.
___ / ___	Financial independence and security.	___ / ___	Making your community, country or world a better place.
___ / ___	Building wealth.	___ / ___	Sharing with and giving to others.
___ / ___	Protecting assets from financial loss.	___ / ___	Service to community.
___ / ___	Reducing taxes.	___ / ___	Wisdom; acquiring knowledge or consciousness.
___ / ___	Passing on a business.	___ / ___	Spiritual and religious life.
___ / ___	Keeping financial and legal affairs simple.	___ / ___	Leaving a legacy of significance.
___ / ___	Leisure and personal pursuits.	___ / ___	Founding a multigenerational family organization or "dynasty."
___ / ___	Creative achievement.	___ / ___	Other: _____
___ / ___	Family unity.	___ / ___	Other: _____

Our Values

What accounts for our success? In large part it is our values and our character, the qualities that make us who we are and drive us to succeed and do what we know is right. Which of the values or virtues below are most characteristic of you? Initial the ones that apply to you, then circle the three that are most important to you as a couple, if applicable.

___ / ___	Community	___ / ___	Interdependence
___ / ___	Compassion	___ / ___	Knowledge
___ / ___	Courage	___ / ___	Leadership
___ / ___	Creativity	___ / ___	Love of comfort
___ / ___	Determination	___ / ___	Love of others
___ / ___	Empathy	___ / ___	Loyalty
___ / ___	Equality	___ / ___	Patience
___ / ___	Excellence	___ / ___	Peace
___ / ___	Fairness	___ / ___	Preservation
___ / ___	Faith	___ / ___	Respect
___ / ___	Family	___ / ___	Self-Discipline
___ / ___	Freedom	___ / ___	Self-Respect
___ / ___	Generosity	___ / ___	Service
___ / ___	Good Sense	___ / ___	Simplicity
___ / ___	Hard Work	___ / ___	Spirituality
___ / ___	Harmony	___ / ___	Stability
___ / ___	Healing	___ / ___	Teamwork
___ / ___	Honesty	___ / ___	Thrift
___ / ___	Humility	___ / ___	Tradition
___ / ___	Independence	___ / ___	Transformation
___ / ___	Innovation	___ / ___	Other _____

Raising Children in Affluence

Whether it is an allowance, a gift or an inheritance, successful families have to think long and hard about the fateful question, "How much is enough?"

In fairytales, you will sometimes find a troll who comes out from under his bridge to ask passersby a dangerously simple question. One such question might be: "*How much is enough for the children?*" You can almost hear that troll laugh, for the easiest answer—"As much as possible."—may be the wrong choice.

Good financial parenting could begin with an allowance that is tied to the completion of specific chores, to teach children that money must be earned. Another excellent idea is to give young children holiday gifts in three pieces: one piece to spend, one piece to save, and one piece to give to someone who is in need. Families report great results with this simple plan, and heirs remember the lessons learned and speak of them gratefully for a lifetime.

When it comes to inheritances the stakes are even higher as the dollar amounts can be staggering. We want to give our children, as Warren Buffet says, "*Enough so they can do anything, but not enough so they can do nothing.*" At the same time, mature children whose values are intact could do so much good in the world, not only for themselves and their families, but also for their communities.



Some of the most successful families have constructed "100-year plans" (four generations) to pass on both the family values and the family financial assets. Increasingly, families are engaging community members in their legacy development processes to assure the effectiveness of the gifts made.

Refer to Handout
Page 20

If you were given
\$1,000,000 to be used for
Charitable causes...



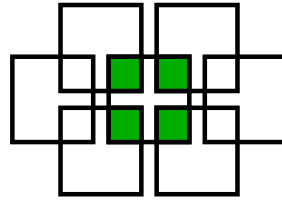
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Philanthropic Planning Tools



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Types of Gifts to Charities

□ **Outright gifts**

- **Cash or Property**
 - **Appreciated Property & Qualified Plans**
 - **Life Insurance**
 - **2011 Only - \$100K from IRA if 70 $\frac{1}{2}$**

□ **Split Interest Gifts**

- **Charitable Remainder Trusts - CRTs**
- **Charitable Lead Trusts - CLT**
- **Pooled Income Funds - PIF**
- **Charitable Gift Annuities - CGAs**



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Types of Gifts to Charities

- Private Foundations
- Operations Foundations
- Donor Advised Funds



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Charitable Gifting - Potential Traps

□ Lifetime Gifting

- Deduction limited according to:
 - Donee charity
 - Asset donated
 - "To" or "for the use"
 - Donor - corporate vs. individual
 - AGI limitations
- Required forms
- Required appraisals

□ Testamentary (death time) Gifting

- Deductions - without limits



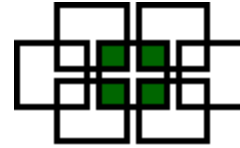
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Legacy

*“At the end of the day it’s all about your
legacy”*

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Managing Partner

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LEGACY



The Business of Wealth Management & Family Office Advisory Service

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Private Client Planning Experience

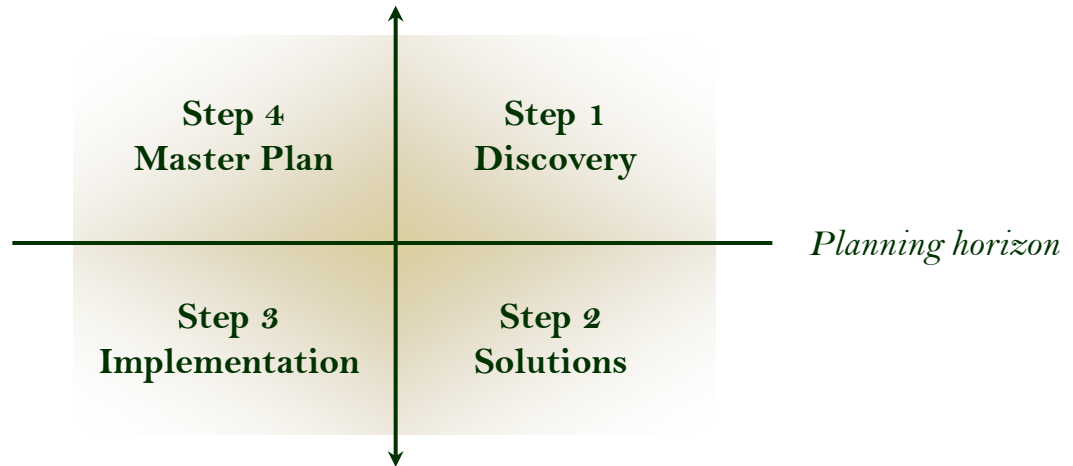
The Integrated Planning Process™ uses an initial four Step process to assist our Private Clients in developing a Legacy Plan consistent with their *Mission, Vision, Values & Goals*. The ultimate objective is to optimize the use and deployment of *Financial, Human and Intellectual Capital* consistent with each client's core values.

The Integrated Planning Process™ - A four Step, personal Values-Driven Process

Mission, Vision, Values, Goals

-What and Why-

-Purpose-

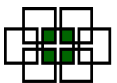


Strategies, Tactics, Tools & Products

-How-

A vision without a plan is but a daydream. A plan without a vision is a nightmare. We are all stewards of our time, talents and treasures – what will define your Legacy?

LEGACY



Charitable Giving is Complex

- There are many strategies.
- Which is best for each donor?
- We can help bridge the gap.



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Legacy (Leg'ə sé)

Something that has come from an ancestor or predecessor...

It may be the pocket watch you cradle in your hand, the china that has served your family for generations, or the corner office from which you direct your business – each is likely the result of someone's foresight and planning. As each generation has done before, it will be your turn to create a vision that will last far into the future.



LEGACY



*To turn a Vision into reality there are three necessary steps:
Question & Explore | Compare & Choose | Implement*