



Strategic Insights

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Planning at the Top of Your Game The difference between autopilot and proactivity

By Keith Lichtcsien

When it comes to managing one's affairs, there is an historic paradigm that no longer serves an affluent family's ideal results. After executing legal documents, placing insurance and designing your portfolio of marketable securities, the tendency is to perceive things to be on autopilot. Families meet with their advisors regularly regarding investments but the perception is that the rest of the work does not need to be revisited on a regular basis.

Consider the definition of autopilot: to operate independently of external influences; involuntary, self regulating.

Now consider the definition of proactive: acting in advance to deal with a potential difficulty or opportunity; anticipatory.

A proactive approach increases control

Even if you don't intentionally change something in your planning, outside factors – such as the economy, the markets or tax laws – can cause the need to make changes.

Family situations change and people forget to update their planning accordingly. These changes include: marriage, divorce, kids coming in or out of the business, birth of additional grandchildren or the loss of a family member.

As your net worth grows, decisions you made five or ten years ago may no longer be in line with your intentions. Giving a child one-third of \$10 million may feel quite a bit different than giving the same child one-third of \$30 million.

In addition, it's important to consider what information you wish to share with adult children, and the timing for doing so. This doesn't mean children need to know the full picture of the family's assets. You may choose to share only your decision-making acumen. If you can teach them how and why you've made particular choices about wealth, they can be better stewards of the family values around wealth when you're no longer present to guide decisions.

Windows of opportunity

Being proactive in planning allows you to take advantage of opportunities that have a limited time horizon. When I was 13 years old, my dad explained the old adage to me that there are three kinds of people in the world. People that make things happen, people that watch things happen, and people that find themselves asking, "What just happened?" We find that most families prefer to plant their wealth-based decisions firmly in the first camp.

Contact your advisors and ask them to develop a plan for the proactive management of your affairs. Develop goals and agree upon meeting frequency. Then appoint one advisor to keep everyone accountable to your proactive plan.

As always, please feel free to call regarding this or any planning related question...

29425 Chagrin Boulevard Suite 100 Pepper Pike, OH 44122 p 216.765.0121 f 216.378.5176 resourcestrategies.com

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