

Addressing the Six Key Areas of Capital Accumulation and Protection

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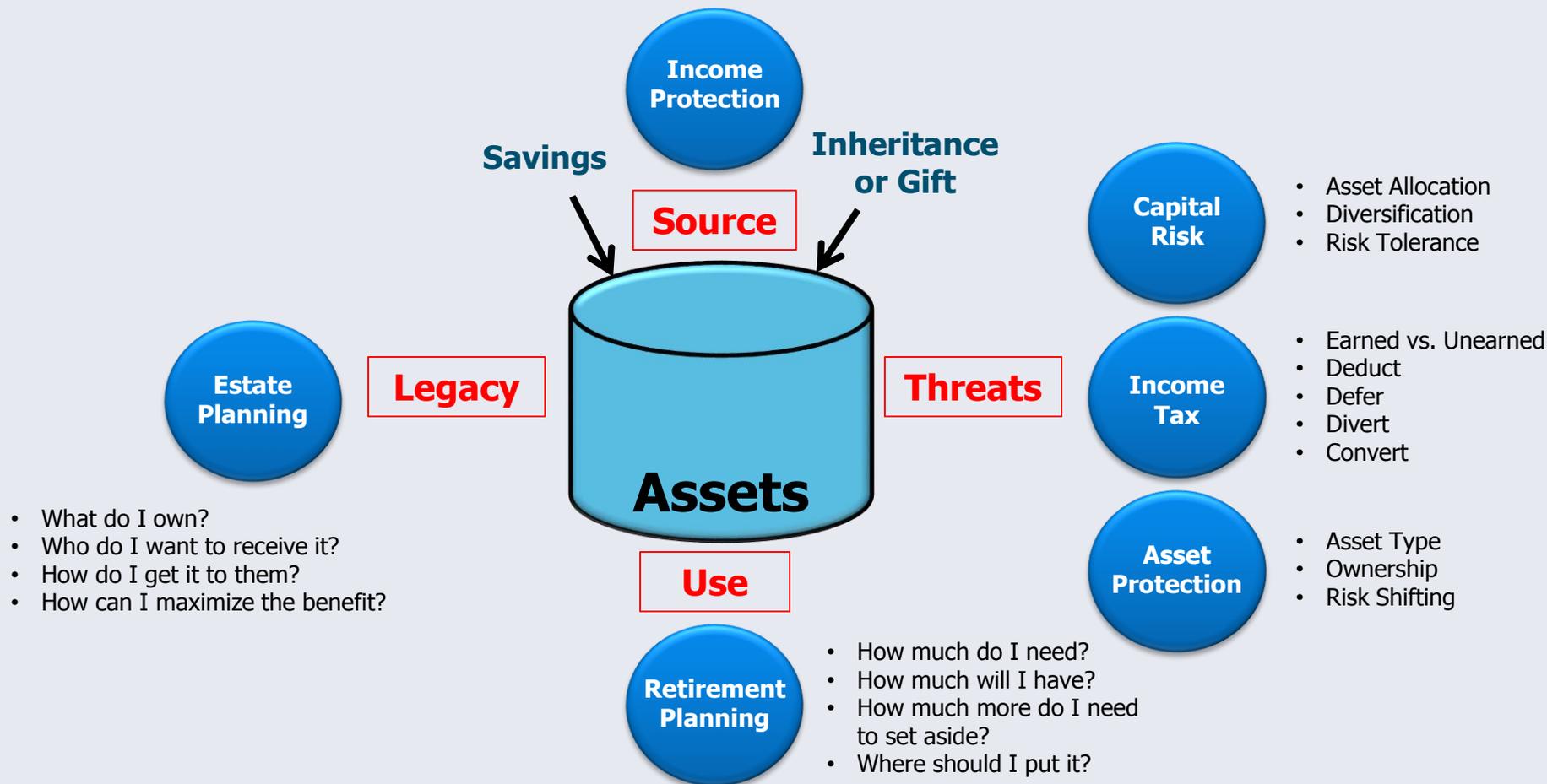
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Six Key Areas

Optimizing, Protecting and Directing Assets

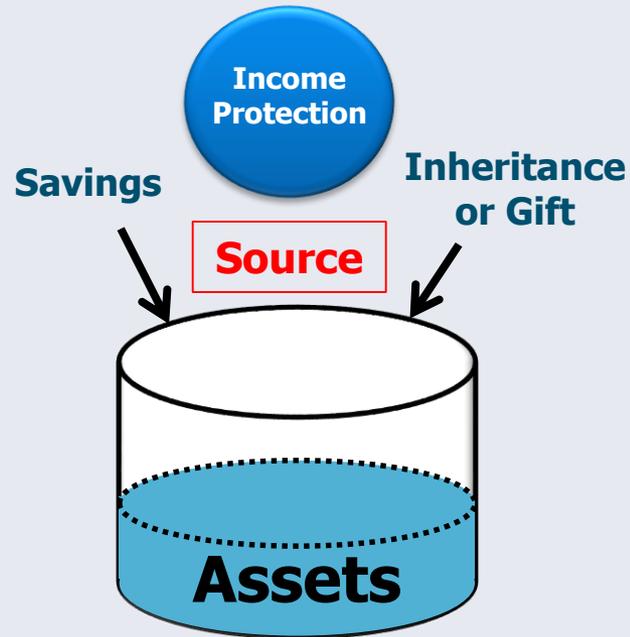


Six Key Areas



It's All About Assets!

Six Key Areas



If my income is taken away, I am left with my assets to provide for me and my family.

**Income
Protection**

Six Key Areas

Protect the Source of Your Assets

Are you finished accumulating assets?

- Most of us need to keep adding funds
- Those funds come from earned income

If your income was reduced or eliminated what would result?

What are the greatest threats to your income?

- Death
- Disability



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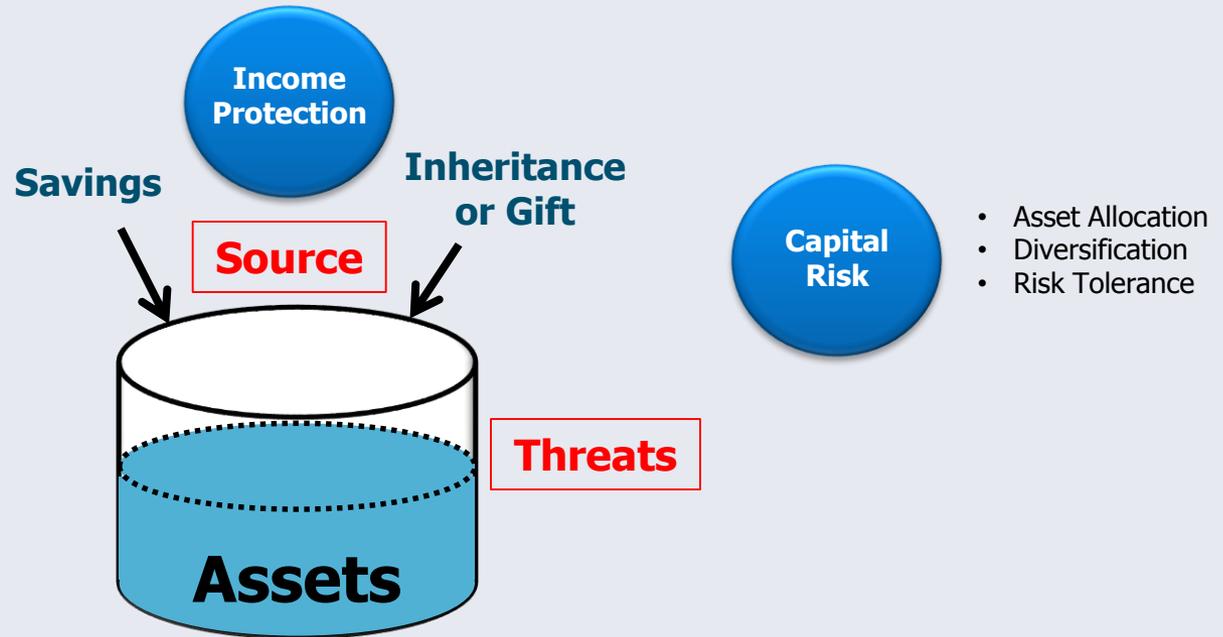
Protect the Source of Your Assets

Can you answer these key questions?

- How much assets would it take to replace your future income for the benefit of your family?
- How much assets do you currently have?
- If you are short...
 - Would your family's standard of living drop?
 - What other sources could provide the necessary income?



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Most people create a plan to grow their assets in order to meet their future objectives.

Capital
Risk

Six Key Areas

Protect Your Assets from Threats

Can you answer these key questions?

- Do you have a specific strategy to grow your assets?
- Do you monitor and review your strategy on a regular basis?
- Do you work with a qualified financial professional that helps you with your plan?



Capital
Risk

Six Key Areas

Protect Your Assets from Threats

A Business is a Unique Asset

Unlike owning other assets most business owners are:

- Active in their business
- Trying to build an asset that can be:
 - **Used now** – for income
 - **Used later** – for retirement
 - **Passed on** – as an inheritance



**Capital
Risk**

Six Key Areas

Protect Your Assets from Threats

A Business is a Unique Asset

Unlike other types of assets:

- The business owner's death impacts the asset
- The asset value is influenced by key employees
- Most businesses are illiquid so special care and preparation must go into selling or "exiting"



**Capital
Risk**

Six Key Areas

Protect Your Assets from Threats

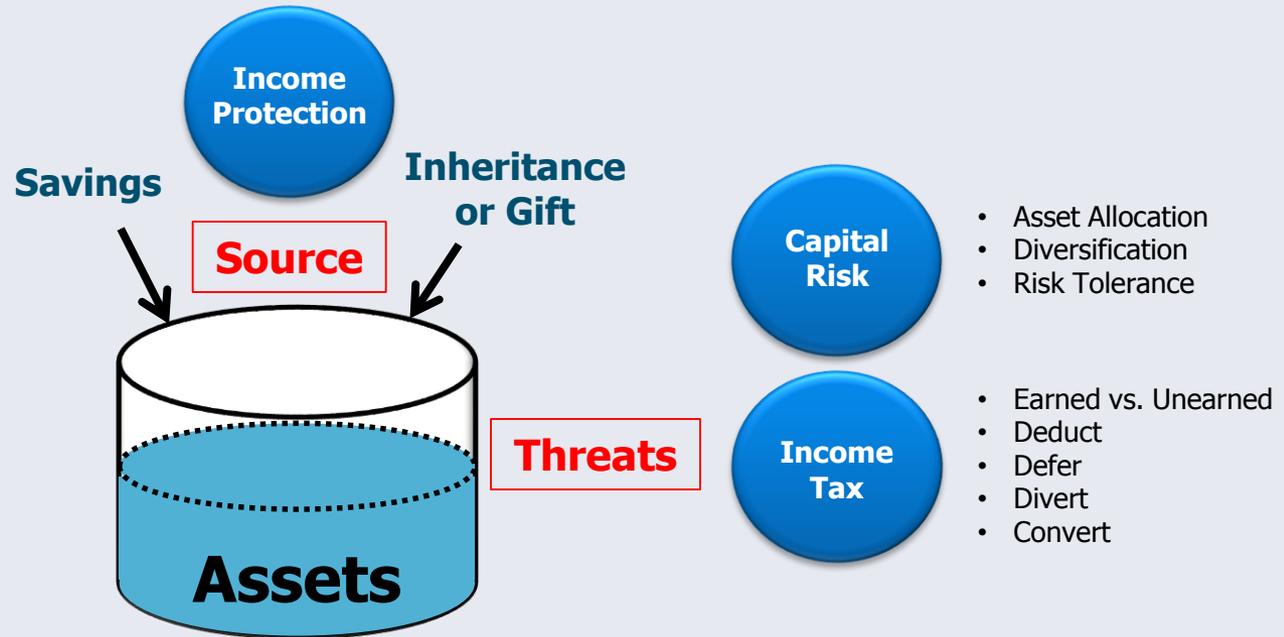
A Business is a Unique Asset

Can you answer these key questions?

- How would your death impact:
 - The continuation of the business?
 - Your family that depends on the income that comes from the business?
 - Co-owners or partners of the business?
- How would your business be impacted if your best employee died or left?
- What is your strategy to exit or transition out of the business?



Six Key Areas



Income tax planning uses various techniques to reduce taxable income and minimize taxes.

Income Tax

Six Key Areas

Protect Your Assets from Threats

Income Tax Planning is:

- Not trying to predict future tax rates; but, rather
- Designing strategies that:
 - Minimize current taxation
 - Provide tax diversification in order to maximize future flexibility



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Protect Your Assets from Threats

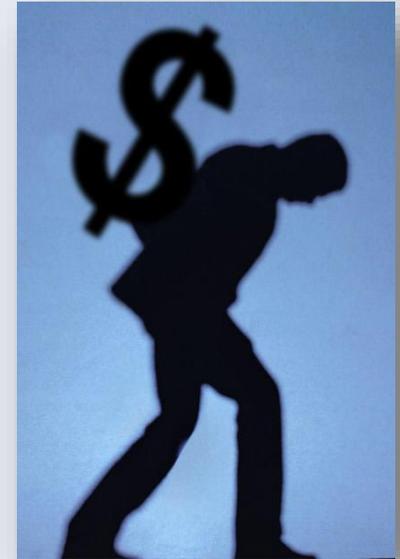
Which direction do you think income tax rates are headed?

What factors could impact that direction?

- Budget deficit or surplus
- World events
- Demand for government spending

Here's the challenge:

"I know the income tax rules today; BUT, I need to plan for the next 40 years!"



How Do I Prepare for What's Ahead?

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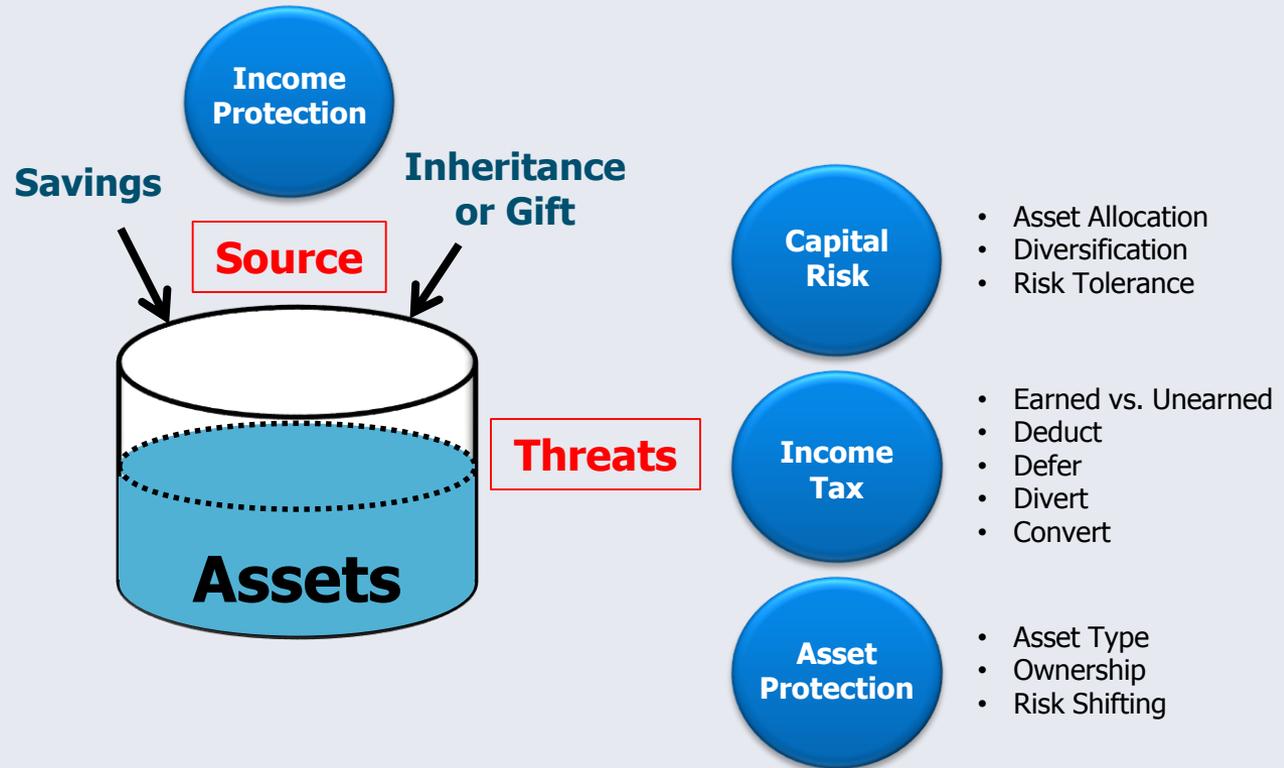
Protect Your Assets from Threats

Can you answer these key questions?

- Do most of your income tax concerns come from earned income or unearned income?
- Of the assets you own, are you heaviest in:
 - Value that has already been taxed; or,
 - Value that has yet to be taxed?
- What strategies do you have for a rising income tax rate environment?



Six Key Areas



Asset Protection is using legal methods to protect assets from creditors and predators.

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Protect Your Assets from Threats

What are the most common threats to the asset that can be protected?

- Lawsuits and judgments
- Creditors
- For heirs
 - Divorce and remarriage
 - Mismanagement or wasteful spending
 - Estate taxes



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Protect Your Assets from Threats

There are three basic strategies to protect assets . . .

- **EXEMPT ASSETS:** some assets are exempt from creditors under bankruptcy provisions
- **CHANGE OF OWNERSHIP:** Most common third-party ownership would include
 - Corporations and limited liability organizations
 - Irrevocable trusts
- **INSURANCE**



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Protect Your Assets from Threats

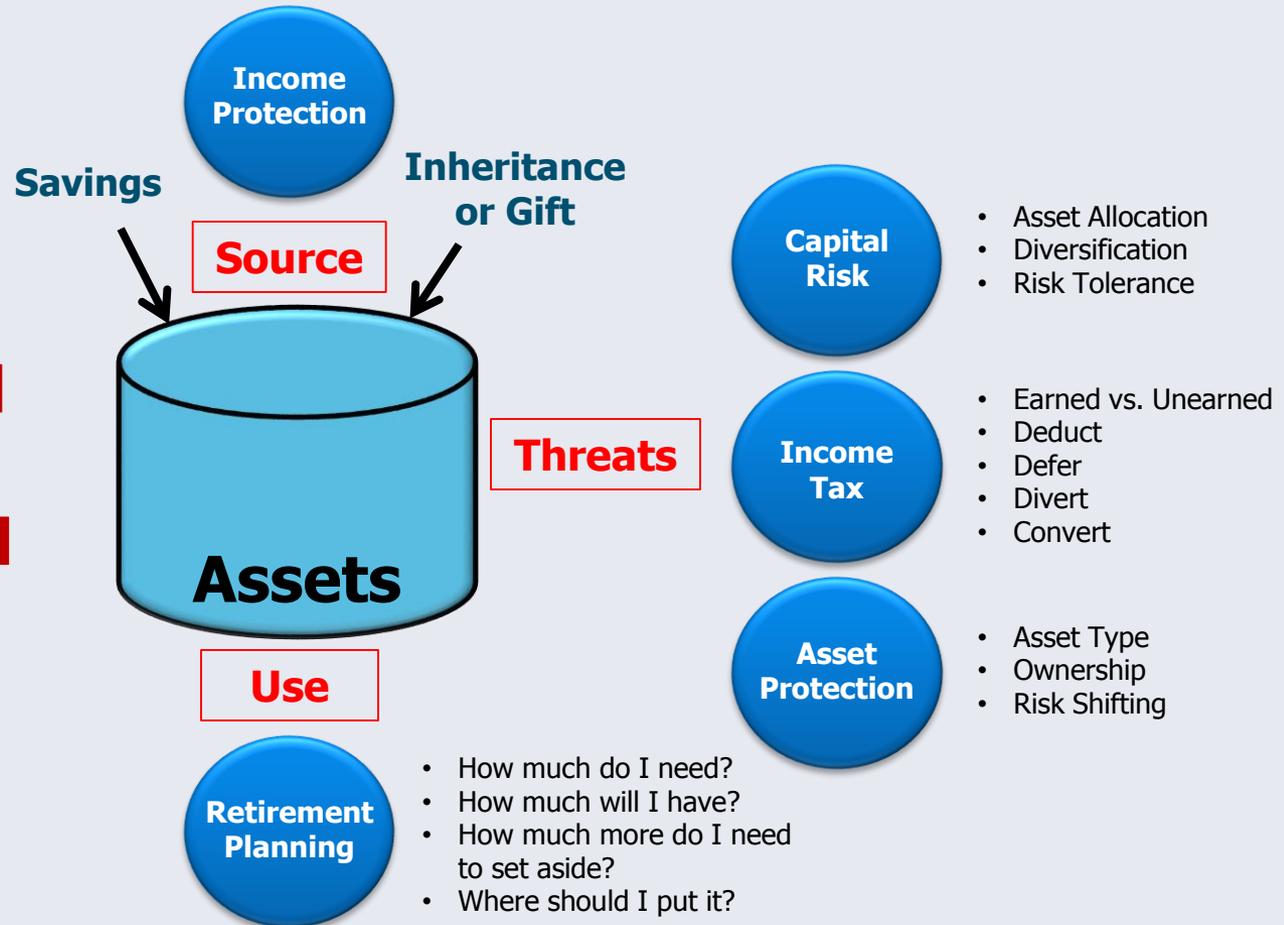
Can you answer these key questions?

- What is your greatest threat in this area?
- What options do you have to use exempt assets with assets that are not currently protected?
- Have you considered forming an entity such as an LLC to provide additional protection?
- Do you have assets you do not think you will need that you can shift to a different owner (e.g., trust)?



Six Key Areas

Retirement used to be the time I quit working and lived off my savings.



Six Key Areas

Plan for the Enjoyment of Your Assets

- Retirement is the largest financial concern for 70% of the working population. Source: Gallup, April 22, 2014
- 81% of the working population plans to keep working after retirement. Source: Gallup, April 2013
- Factors which are impacting these statistics:
 - Shift away from employer-sponsored retirement benefits
 - Difficulty many have in saving enough
 - Mixed investment results over the past years
 - Relatively low interest rates
 - Volatile stock market



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Plan for the Enjoyment of Your Assets

Key Trends in Retirement Planning

Objective: Accumulate enough assets to allow income to stop

Challenges:

LOWER INTEREST RATES

- May mean larger asset pool required
- Potential rising interest causes uncertainty

HIGHER INCOME TAX

- Could take longer to accumulate and
- Larger asset pool may be required

DISAPPEARING SAFETY NETS

STAGNANT PRIMARY RETIREMENT SOURCES

- Stock market
- Housing values



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Plan for the Enjoyment of Your Assets

Can you answer these key questions?

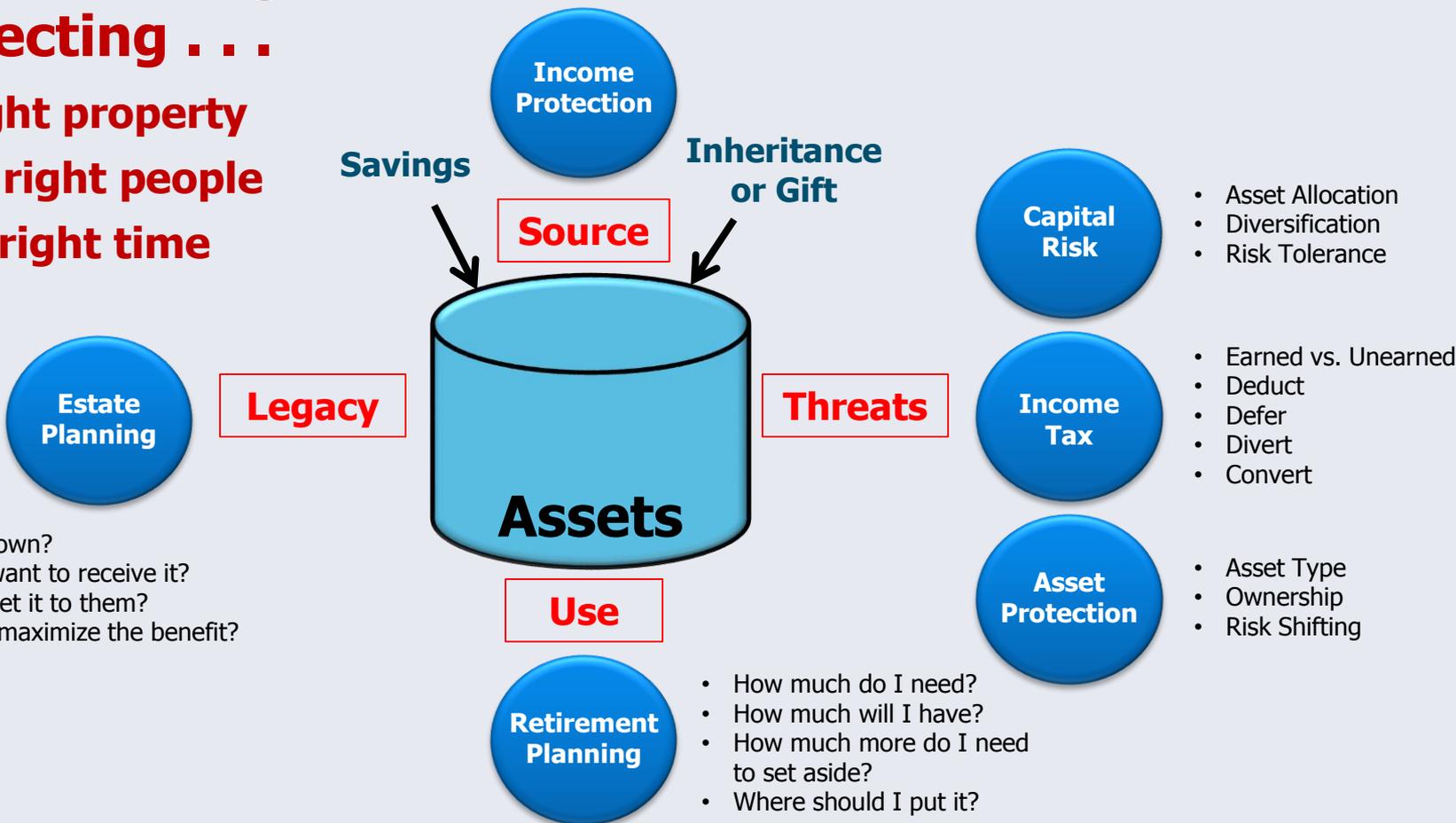
- How much do you need?
- How much will you have?
- How much more do you need to set aside?
- Where should you put it?



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Estate Planning is directing . . .

- The right property
- To the right people
- At the right time



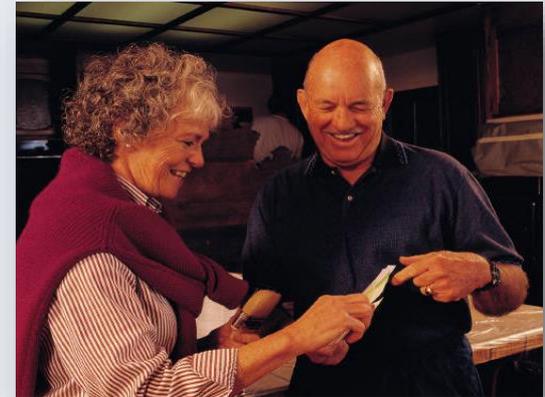
- What do I own?
- Who do I want to receive it?
- How do I get it to them?
- How can I maximize the benefit?

- Asset Allocation
- Diversification
- Risk Tolerance
- Earned vs. Unearned
- Deduct
- Defer
- Divert
- Convert
- Asset Type
- Ownership
- Risk Shifting

Six Key Areas Plan for Your Legacy

Directing

- Drawing up legal documents while you are able
 - That can speak for you if you are unable;
 - And, which can continue to speak for you after your death.
- Regardless the size of your estate, you already have an estate plan; but, did YOU draft it?
- The vast majority of Americans will not need to worry about estate taxes



What can happen if you do not direct your assets?

- They most likely will not end up with the right person at the right time

Six Key Areas

Plan for your Legacy

Why don't more people direct their assets?

- It can be difficult and complicated
- Planning becomes difficult when . . .
 - There are second marriages with children from a prior marriage
 - You're not sure if your heirs are capable
 - Financial mismanagement
 - Children's divorce and inheritance split
 - Grandchildren growing up
- Results are not as you intended if . . .
 - Beneficiaries are not up to date
 - Heirs cannot access assets when needed



Six Key Areas

Plan for your Legacy

Can you answer these key questions?

- What do you own?
- How do you want heirs to receive it?
- How do you get it to them?
- How can you maximize the benefit?



Six Key Areas

Optimizing, Protecting and Directing Assets

