



2016 MDRT Annual Meeting e-Handout Material

Title: A Revolutionary Approach to Advising Clients

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Slide 1



Slide 2



Slide 3



Slide 4

The Challenges We Face



We don't grow when things are easy. We grow when we face challenges.

Trusted Advisor

4

Slide 5

The Challenges We Face

1. Regulatory environment is tightening

2. Differentiating is tough

3. Clients are more knowledgeable than ever

4. Clients expect value for fees

5. Clients are not as quick to trust advisors

6. Eternal problem of eternal planning

5

Slide 6

Earning Trust

Trust =
$$\frac{C + R + I}{S.O.}$$

C = Credibility

I = Intimacy

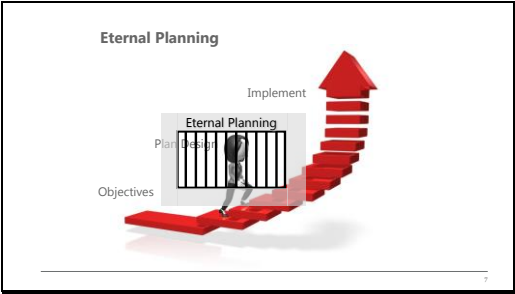
R = Reliability

S.O. = Self-orientation

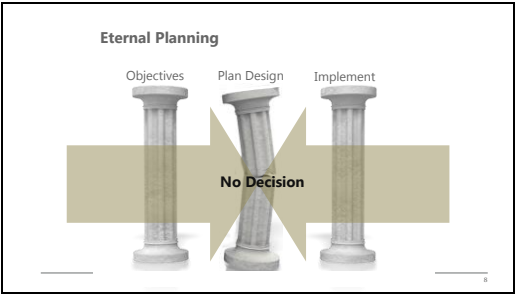
From The Trusted Advisor, by David H. Maister

6

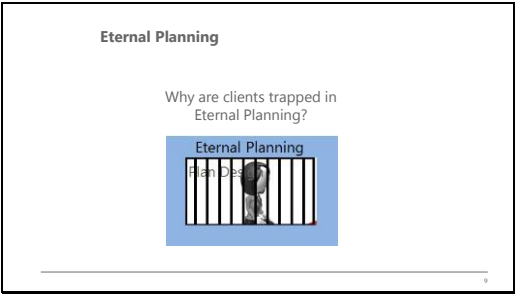
Slide 7



Slide 8




Slide 9



Slide 10

Eternal Planning

Individuals enter the planning process reluctantly




10

Slide 11

Eternal Planning

Individuals want to maintain control




11

Slide 12

Eternal Planning

Individuals face many dilemmas in the planning process



12

Slide 13

Eternal Planning

Me ↔ Heirs

Heirs ↔ Charity


Charity ↔ Me

Heirs ↔ Heirs

Charity ↔ Charity

Me ↔ Spouse

Me ↔ Myself




13

Slide 14

Eternal Planning

Individuals are often overwhelmed by complex planning strategies




14

Slide 15

Eternal Planning

Individuals often don't understand technical jargon and aren't certain what they can accomplish



The EAT is connected to the AET which is connected to the ILIT?

15

Slide 16

Eternal Planning

Tax-effective wealth transfer can require the irrevocable separation of you and your money as soon as possible and forever.




A blue 3D figure is shown climbing a grey brick wall. On top of the wall is a large blue dollar sign (\$). The figure is positioned as if it has just reached the top or is about to jump over the wall.

Slide 17

Eternal Planning

Individuals face emotional barriers to strategies that involve charitable gifts.

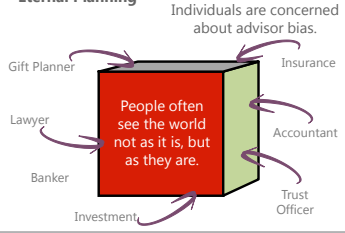


Two hands are shown in a gesture of giving or receiving. One hand is open, palm up, holding a small yellow coin. The other hand is positioned above it, as if about to drop the coin or has just received it.

Slide 18

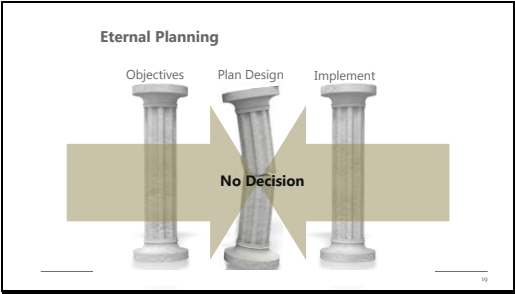
Eternal Planning

Individuals are concerned about advisor bias.

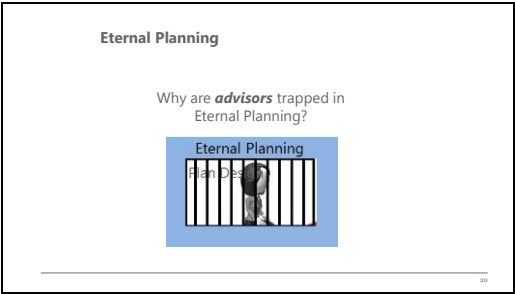


A central 3D box is shown with a red front face and a green side face. The text "People often see the world not as it is, but as they are." is written on the red face. Arrows point from various advisor roles towards the box: Gift Planner, Lawyer, Banker, Investment, Insurance, Accountant, and Trust Officer.

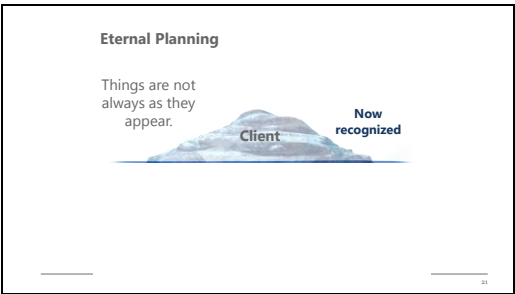
Slide 19



Slide 20




Slide 21



Slide 22

Eternal Planning

Advisors often establish objectives by analyzing strategies



Slide 23

Eternal Planning

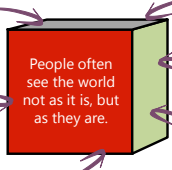
Advisors often interpret confusion as the need for more information.



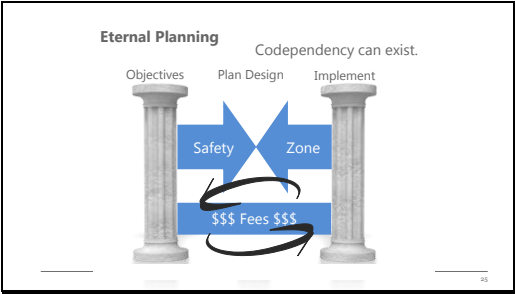
Slide 24

Eternal Planning

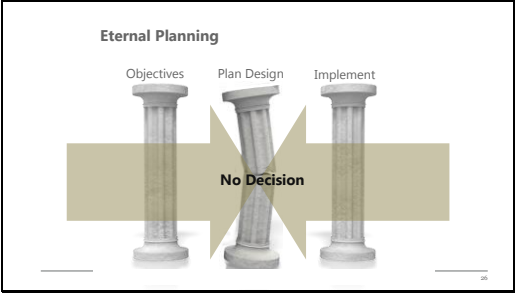
Professional bias can exist.



Slide 25



Slide 26



Slide 27




Slide 28

A New Approach

Stories from the trenches

Five principles to work by



VALUES-BASED
PLANNING

2828

Slide 29

Stories From the Trenches

Losing sleep for 10 years


A family goes public

Tax savings of \$40 million

2929

Slide 30

Principle # 1




Real wealth is broader
than you think.

3030

Slide 31

Six Types of Capital


True wealth consists of six types of capital.



31

Slide 32

Principle # 2



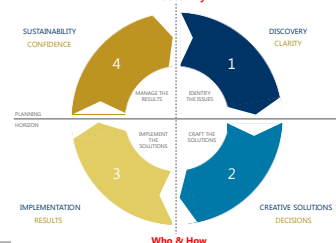
Understand the client's mission.

32

Slide 33

MISSION • VISION • VALUES • GOALS

What & Why



Who & How

STRATEGIES • PRACTICES • TOOLS

33

Slide 34

Deep Discovery

Things are not always as they appear.

Client

Now recognized

34

Slide 35

Family Financial Philosophy

Family
Financial Philosophy

Document the results of your discovery.

35

Slide 36

Family Financial Philosophy

Family
Financial Philosophy

Table of Contents

Purpose

Family Biography

Responsibilities & Obligations

Philosophy of Wealth

Primary Planning Goals

Financial Independence

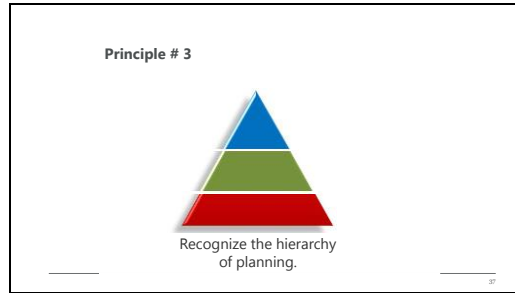
Family Legacy

Social Capital Legacy

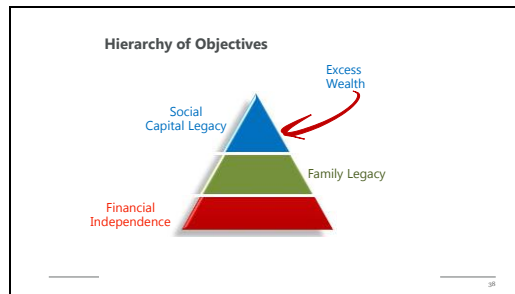
Acknowledgement

36

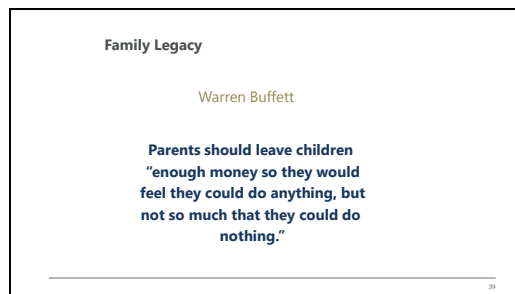
Slide 37



Slide 38



Slide 39




Slide 40

Family Legacy

Guidelines

- Each heir needs to own their own hierarchy
- List each heir to benefit from estate
 - ✓ List the specific assets you would like to give each one
 - ✓ Define an additional amount for each to cover emergencies
 - ✓ Define supplemental income you'd like to provide each one
- Add up the total for each heir, then add the total for all heirs combined



40

Slide 41

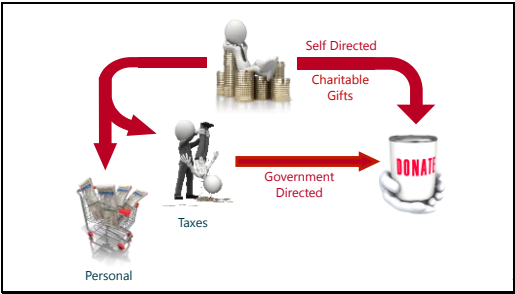
Principle # 4



Focus time on social capital.

41

Slide 42




Slide 43

Seven Faces of Philanthropy

COMMUNITARIANS	Doing good makes sense
THE DEVOUT	Doing good for faith reasons
INVESTORS	Doing good is good business
SOCIALITES	Doing good is fun
REPAYERS	Doing good in return
ALTRUISTS	Doing good feels right
DYNASTS	Doing good is a family tradition

Slide 44



Seven Faces of Philanthropy


Why understand the Seven Faces?

It helps us to answer other questions:

- To whom should I give?
- What should I give?
 - Cash
 - Securities
 - Real estate or other assets
- Where should I give from?
 - Corporation
 - Personally
 - Trust or foundation
- When should I give?
 - Today or on death
- How should I give?
 - Public or private foundation
 - Direct to charity
 - With or without recognition

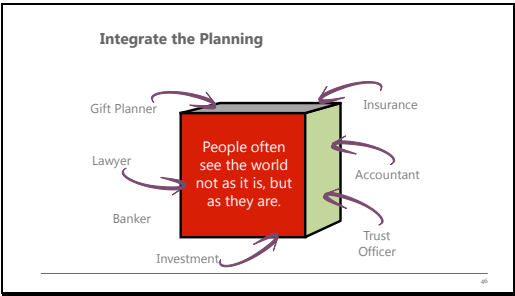
Slide 45

Principle # 5

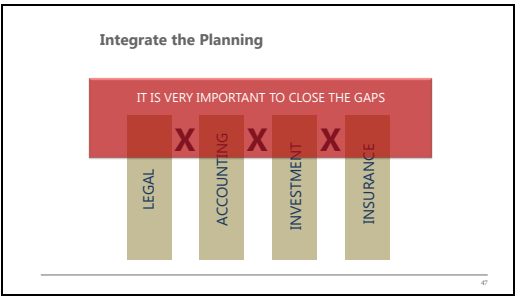


Integrate the planning.

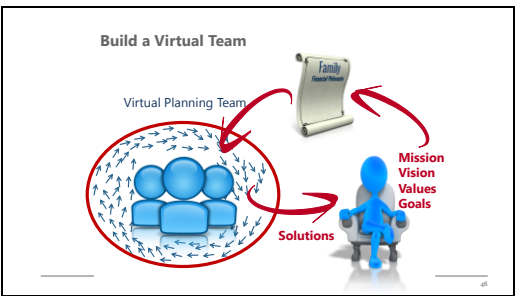
Slide 46



Slide 47




Slide 48




Slide 49


Where We've Been




Real wealth is broader than you think.




Understand the client's mission.



Recognize the hierarchy of planning.



Focus time on social capital.



Integrate the planning.

Slide 50

Questions?