

Abstract: Everyone should have a wealth management plan. But taking a boilerplate approach could prevent you from achieving your specific goals. This article raises some key points to consider when devising a truly customized plan.

Do you have your own wealth management plan?

Fingerprints: There are no two alike. So it should be with your wealth management plan. Taking a boilerplate approach could prevent you from achieving your specific goals. Here are some key points to consider when devising a plan that's all your own.

Many variables

For your plan to be as unique as you, it should reflect variables such as:

- Age,
- Health status,
- Risk tolerance, and
- How you plan to use your assets now and going forward.

Risk tolerance is a particularly important point. Some people are naturally more willing to risk a loss for the opportunity of a larger gain. Others are uncomfortable with any possibility of loss even though this certainty may mean a lower potential return.

But risk tolerance also may be affected by age. If you're retired or close to retirement, for example, a more conservative approach to investing, saving and spending is likely appropriate. By contrast, if you're several decades away from retirement, you'll more likely benefit from taking at least a few carefully considered chances to build wealth and keep ahead of inflation.

Withdrawal strategy

Another important component of a personal wealth management plan is your withdrawal strategy. For example, if you're close to retirement, you need to withdraw from your accounts carefully to avoid having insufficient funds during retirement. Withdraw too little, however, and you could miss opportunities to enjoy life. (You also could face severe tax penalties if you don't take required minimum distributions.)

Like your wealth management plan, your withdrawal strategy will be highly personal. The amount of income you'll need in retirement will depend on your priorities. If you're planning to travel extensively, your needs will be very different from what they'll be if your primary goal is to stay close to home to spend more time with your family.

If you own assets in a variety of tax-free (such as a Roth IRA), tax-deferred (such as a 401(k) plan or traditional IRA) and taxable savings vehicles, there can be some significant tax implications to how you withdraw your assets. Conventional wisdom says that taxable assets should be withdrawn first, leaving your tax-advantaged holdings more time to grow. This approach may work in some situations, but it's not necessarily the

correct approach for everyone. (And minimum annual distributions are required from certain tax-advantaged accounts, generally after age 70½.)

Necessary help

Your wealth management plan should be carefully designed and maintained to suit the many distinctive elements of your life. But that doesn't mean you must go about it alone. Please contact our firm for help not only creating a plan, but also checking in on it regularly to see whether any adjustments are necessary.

Sidebar: Don't forget about estate planning

If your net worth is large enough that estate taxes are a concern, making annual gifts can be a surprisingly powerful way to reduce your taxable estate. In fact, making annual gifts can help you accomplish two important goals: removing assets from your estate and passing along assets to loved ones. Current federal law allows annual tax-free gifts of \$15,000 per recipient per year (\$30,000 for married couples).

Just make sure your gifting strategy is well integrated into your overall estate plan. Such a plan might also involve trusts and other mechanisms for distributing your wealth.

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