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Coaching your Financial Future

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Crafting a retirement that evolves with you

How high-net-worth individuals can make the most of retirement, from new ways of investing to preparing for the unexpected

You may be lucky enough to experience the gift of longevity, as many of today's retirees are expected to reach their 90th birthday and beyond. As you enjoy this exciting phase of your life, your financial and insurance plans should evolve with you. Below are some tips for the savvy high-net-worth individual to help ensure that you're making the most of your retirement.

Explore investment alternatives

More investment options become available to you as your net worth increases, and it's especially important in retirement to reassess your investments and make sure they align with your changing needs. One thing to consider is alternative investment strategies, which seek opportunity outside conventional stocks and bonds. They offer different risk and reward profiles, with results that may be less affected by broader public markets.

They can be an important part of asset allocation, which often determines much of your portfolio's performance. You may have invested a certain way with a different risk tolerance early in your career, but what worked for you then may not meet your needs or match your goals now. Alternative investments allow you to serve specific goals in your broader financial plan, such as diversifying your portfolio, seeking enhanced performance or managing your tax liabilities.

Update estate documents

If you have estate planning documents in place, it's wise to review them regularly to ensure they remain relevant. Ideally high-net-worth individuals review these documents at least once a year, because while you may not need to make adjustents each year, things like new laws or tax code changes can also necessitate an update. You should also review your documents if you've experienced a major life change, even if you've already reviewed them that year. Some reasons for revisiting your estate plans include moving to a new state, the addition of a child or grandchild, experiencing major health changes, getting married or divorced, selling a business or investing in real estate.

And of course, it's always a good idea to review any ancillary documents like healthcare surrogate paperwork or account and asset inventory lists. These are typically good for longer, but it never hurts to periodically confirm and update them, especially if basic information like addresses and phone numbers have changed. Any accounts, like 401(k)s, life insurance policies and annuities, with a named beneficiary should be reviewed, too.

Plan for the unexpected

Health insurance, whether provided by a private company or through Medicare, does not pay for long-term care. Consider creating a specific funding plan for the likelihood that you or your spouse will need long-term care. Some options include traditional long-term care insurance, which covers costs that Medicare and other health insurance policies may not cover; life insurance with a long-term care or chronic illness rider; or asset-based long-term care contracts, which use the structure of either life insurance or annuities to provide long-term care benefits as needed.

It's also important to think about how other insurance needs might change. For example, even if you purchased life insurance early in your career, reviewing it now can help preserve the retirement you worked hard to create. You can use life insurance to help protect any dependents you may have, such as disabled adult children, or to fulfill financial obligations, such as the mortgage on a second home. You may also want to consider a secondary insurance policy, or "umbrella insurance." An umbrella policy provides extra liability coverage beyond what's included in your base homeowner, auto and boat policies, for example, and can protect you from significant loss from unexpected events.

Communicate your wishes to family

Sometimes the most difficult piece of any good retirement plan is talking to your loved ones about your financial plans and goals. While it can feel awkward or challenging, it's often the key to success for high-net-worth families. It can help to ensure that your wishes are carried out and is a way to harness the momentum you've built throughout your life so that it grows from one generation to the next.

Think about discussing things with your family like how your health and mobility will be managed as you get older, and how big changes within the family – like births, adoptions, marriages or divorces – might impact how you think about financial plans and goals.

All too often, family wealth deteriorates in just a few generations. So a family conversation can also be a great opportunity to share the story of how your family has built what it has. This helps to create understanding and can also inspire the next generation of your family.

Whatever your retirement looks like, stay savvy and work with your advisor to explore your best options.

Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

Alternative Investments involve substantial risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum net worth tests. These risks include but are not limited to: limited or no liquidity, tax considerations, incentive fee structures, speculative investment strategies, and different regulatory and reporting requirements. There is no assurance that any investment will meet its investment objectives or that substantial losses will be avoided.

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Mastering a significant wealth event

FAMILY & LIFESTYLE

Whether sudden or planned, the right steps can help you take charge of your newfound assets.
A significant wealth event occurs when liquid assets under your control increase in a meaningful way. These events can be planned, like with the sale of something valuable, or unplanned, like a sudden windfall from an inheritance. Whatever the source may be, significant wealth events come with changes.

If managing significant wealth is a new experience for you, then it may alter your self-perception. Friends and family members may begin to perceive you differently as well. It's important to ask the right questions and work closely with a financial advisor to ensure you receive the right guidance to successfully navigate the opportunities and potential challenges that wealth can introduce. There are many things, both planned and unplanned, that can lead to a significant wealth event in your financial life.

Significant wealth can result from:

- Sale of real estate or other family asset
- Capital markets transaction (e.g., IPO)
- Substantial inheritance
- Lump-sum retirement payout
- Divorce
- Legal settlement
- Exercise of stock options
- Unexpected financial windfall
- Success as an athlete or entertainer

Each wealth event is unique, from your personal financial situation to the amount of the assets acquired and the circumstances that led you to receive it. There are also emotional factors to consider. A significant wealth event can often inspire compulsion, whether in the form of excessive spending or reckless investing without a greater plan in place. But there are things you can do to avoid the common pitfalls of a significant wealth event. No matter where your wealth comes from you should be ready to take steps that will ensure it works for you.

Significant wealth events are happening with women at a higher rate than ever before amid the largest transfer of intergenerational wealth in history. The financial services industry is already adapting to a landscape where women have control of more wealth.

Before

Because significant wealth events can be the result of your good planning paying off, it's possible to prepare before the event. This is the time to assemble your financial team, address potential tax consequences and event timing, establish a cash flow budget and consider pre-transaction tax mitigation strategies. All of these things will help you ensure that the wealth you receive is preserved and that you are setting yourself up to make it last.

During

In the midst of a significant wealth event, especially an unexpected one, avoid large expenditures based on impulse, work with your financial advisor to determine secure cash holding structure and finalize a long-term wealth management plan. These steps will help you become a good steward for your wealth and help you stay savvy during this period of changes to your financial life.

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