

Wealth Management Case Study

Delivering “Peace of Mind” and Tax Savings

Crowe Wealth
Crowe Wealth Management LLC

Developing a comprehensive wealth management plan is a critical step toward financial security and “peace of mind.” In the case of Bob and Catherine, Crowe Wealth delivered these benefits and implemented a plan that also generated more than \$1 million in tax savings.*

Situation

People who meet Bob are always surprised to learn that he is 86 years old. He and his 75-year-old wife, Catherine, look and act much younger. This is the second marriage for both. Each has two children from previous marriages. Together, they have 10 grandchildren. Over the years, Bob and Catherine have built a financial net worth of approximately \$7 million. For help in managing their financial affairs, the couple relied on their local bank, as well as several financial advisors. Bob and Catherine were generally pleased with this arrangement. But they recognized that having multiple advisors might lead to confusion down the road.

The couple's decision to relocate back to Tennessee from Florida necessitated updates to several estate plan documents. It also prompted them to seek single-source financial planning help. Their new advisors needed to meet several key criteria, including:

- Broad expertise in investment planning, trust, and fiduciary services. They needed to be able to take a comprehensive view of Bob and Catherine's assets and tailor an estate plan to meet the couple's specific needs.
- The delivery of wealth management services on a fee-only basis. Bob and Catherine wanted to pay only for the advice they received. They did not want to pay commissions or hidden costs.
- A “family-office” approach to wealth management. Bob and Catherine wanted to benefit from objective advice and the services of a trusted “Family CFO.”
- The ability to manage family trusts. Such services would ease the estate administration burden for Catherine in the event of Bob's death.

Crowe Wealth, which met all these criteria, was the logical choice.

Solution

As a first step toward developing a comprehensive financial plan, Bob and Catherine asked Crowe Wealth Management professionals to help them review and modify their financial objectives. The goals of the new plan included:

- Generating enough investment income to support a comfortable lifestyle
- Allocating assets to more accurately reflect the couple's tolerance for investment risk
- Maintaining an “emergency fund” of readily available cash
- Providing a set amount for each child upon the second spouse's death
- Providing for their grandchildren's education
- Creating significant charitable bequests that were previously unexplored
- Updating their existing plan to reflect their change in state residency
- Significantly reducing estate taxes and easing estate administration

Next, the couple needed to consolidate their existing financial information. This effort included validating title ownership of existing holdings. The couple's insurance plans (from auto to home to health to life) were reviewed to ensure adequate, cost-effective coverage. Bob and Catherine also worked with their

Crowe Wealth advisors to develop a detailed account of their living expenses. The goal of this exercise was to determine the amount of monthly income the couple would need to live comfortably.

This comprehensive review and analysis set the stage for the creation of a new financial plan. "Scenario planning" exercises demonstrated that the new plan would satisfy the couple's goals and annual cash flow requirements.

Once the plan was finalized, the couples' attorneys updated existing documents to reflect the change in state residency. Finally, the extended family was given the opportunity to review the plan, ask questions and voice any concerns. Bob and Catherine now meet with their Crowe Wealth advisors quarterly to review the plan and adjust it as necessary.

Recommendations & Results

The couple's new financial plan differs from their original plan in several important ways. The revised plan incorporates:

- A more balanced allocation of assets. The vast majority of the couple's investments were originally held in large-cap U.S. funds and securities. The couple's new approach to asset allocation and diversification is significantly reducing their overall portfolio risk based on certain market conditions.
- Several gifting alternatives and estate planning tools, including a charitable remainder trust and an irrevocable life insurance trust, which are reducing the couple's estate tax liability.
- Income, gift, and estate tax savings opportunities well in excess of \$1 million*.

Bob and Catherine now have the customized and comprehensive financial plan they wanted. The new plan provides expense coverage for day-to-day living and an emergency fund of cash reserves. It allows Bob and Catherine to achieve their charitable goals and fund their grandchildren's education. It enables them to transfer desired amounts to each of their children. It consolidates the couple's holdings and makes current and future plan administration much easier. And it is saving them more than \$1 million*.

In all these ways, Bob and Catherine's new plan provides the greatest benefit of all: Financial peace of mind.

* Fees and other related expenses were considered in these calculations.

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