



Hoyle Cohen  
WEALTH MANAGEMENT



# Loose Ends Management (LEM)

Looking at Wealth & Beyond

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# Loose Ends Management (LEM)

## Getting the Most out of the Future You Have Built

At HoyleCohen, we've established **Loose-Ends Management (LEM)**, a unique approach to financial planning *and beyond* intended to keep our clients' quality of life plan always relevant, periodically assessed, and continually tracked using advanced technologies.

LEM goes beyond financial planning, beyond estate planning, beyond portfolio planning, to help our clients achieve and maintain their **bigger WHY...** It is the difference between creating your plan, and living through your plan, while periodically making sure that the *beyond* of your plan is on track to fulfill your dreams and desires for you and your heirs. LEM puts into place safeguards and strategies that help keep the planning you have already done fresh, relevant, compliant, and active.

Establishing a strong foundation supported by key cornerstones comprised of goals and strategies that are well-designed, properly constructed and managed, and have the flexibility to adapt to change, is the first step. The foundation should be continually monitored and tested for relevancy regarding your current state of health, financial position or

### The Importance of Loose Ends Management

Many wealth management strategies – if not revisited and refined periodically – can leave loose ends which can cause your whole wealth management plan to unravel.

career aspirations and desired quality of life plan so that it is truly effective.

Achieving and maintaining your desired *Quality of Life Plan* is no easy feat. We help clients look at what a *Quality of Life Plan* can mean to them. Often it is much more than financial stability. It encompasses good health, financial independence, freedom to make choices, pursue passions and eventually give back.

# The Unraveling of a Life Plan

## Best laid plans.....

This **iterative** process of redefining and realigning goals to desired outcomes can be challenging and often the reason people set initial goals and don't put into place processes to ensure they are being met and/or even still relevant, considering them one and done!

An analogy might be helpful here:

*There are sweaters and there are sweaters! There are simple, functional sweaters made from synthetic fibers, with fairly plain designs, that are generally inexpensive. And then there are unique, hand-woven sweaters made from cashmere or wool, with very intricate and one-of-a-kind designs, that are quite expensive. They often require delicate care to maintain their shape, color, and quality.*

*Suppose the weaver forgot to tie off any loose ends of the cashmere during construction? Would that sweater fare well in the long run? Probably not. The potential unraveling of the sweater could cause it to be unusable and worthless.*

The potential for the unraveling of your **quality-of-life plan** could be devastating in many ways. What would the cost be to experiencing an unraveled plan be? Much like a finely crafted sweater, your life plan and financial goals should be constructed with precise attention to detail and include the strategies that regularly consider any possible loose ends to be successful over your lifetime.

For most people, the process of strategizing to achieve financial and life goals can be overwhelming. As we delve into what we call "Loose Ends" we will see that every goal achieved has a "**Beyond**" element which is linked to its completion which drives us to ask questions such as: **What's next? What in my life has changed? Is this still relevant to my life plan? Do all involved know what to do when the time comes to use our careful planning?**

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# Our Commitment to You

## To Be Your Wealth Management Advocate

At HoyleCohen, we stand beside individuals and families throughout their lifetimes as they travel their unique paths. Yet, these paths rarely follow a straight line. You might be years from retirement, faced with life-changing circumstances or in a place you never dreamed of being physically, emotionally, and mentally. Regardless of your situation, our mission remains the same: *enriching your life through expert care of your wealth and financial well-being.*

In our experience clients get more out of their relationships with us by adopting a proactive mindset that helps shape their futures rather than always reacting to life's twists and turns. We commit to partnering with you along your winding path, to asking the tough questions and encouraging the regular revisiting of your quality of life plan to ensure it is working in the best way possible for you.

## Wealth & Beyond®

### Passing on your Valuables and Your Values

As people come close to achieving financial independence, we help them discover what their growing wealth looks like "beyond" themselves with respect to family, business, succession, and community. Just as the initial foundation of financial planning was laid, so to will new goals and strategies be created to fulfil "Legacy Plans" and the loose ends that are inherent thereof.

The Advisory teams at HoyleCohen are passionate about applying "loose-ends management" philosophy to wealth management. On the following pages we consider **key planning areas** and the loose ends we encourage you to regularly review and tie off to keep your plan relevant, compliant, fresh and working for you as you have built it to do.



# Key Planning Areas with Loose Ends to Secure & Manage

- 01 Your Advance Directive
- 02 Last Will & Testament
- 03 Memorial Instructions
- 04 The Asset Microscopes
- 05 Trust Documents
- 06 Philanthropic Vehicles
- 07 Family Limited Partnerships



# 01

## Reviewing Your Advance Directive

Making clear decisions & allocating responsibilities

The Advance Directive (Durable Power of Attorney for Health Care) ensures that your affairs will be handled by a person of your choosing in the event of incapacity. Specifically, it appoints an *Attorney in Fact* for all health care decisions who is responsible for exercising all living will decisions and implementing burial instructions.

### Ask Yourself.....

What if something sudden or unexpected happened to you tomorrow?

Are your wishes documented?

Would your affairs be handled as you would like?

Are those who would be responsible prepared?

Are those who would be impacted most informed?



### Potential Loose Ends to Tie Off:

- ❖ Relevancy and maintenance regarding any State Law changes - or updated forms if you have moved! ([click here](#) for Advance Directive forms by State)
- ❖ Ensuring the *Attorneys in Fact* are able and willing to follow your instructions and wishes and make the decisions they will be asked to make – **have the conversation!**
- ❖ Ensuring the *Attorneys in Fact* are familiar with the burial wishes of the one(s) who are naming them
- ❖ Capturing changes to your wishes in your will and other documents

# 02

## Reviewing Your Last Will & Testament

Defining personal intentions and appointing guardians



A *last will and testament* is the basic instrument of estate planning, utilized to guide the distribution of assets from an estate upon the death of a **testator**. Without a legal will in place, state law otherwise mandates the distribution of assets. A will allows you to avoid “Intestate Distribution,” appoints guardians for your minor children, provides directions for your funeral, burial, and last rites, and names fiduciaries to handle your financial assets for your children.

To establish a will, you’ll have to select an executor, trustees, successors, beneficiaries, guardians(s) for minor children, sub trusts (marital and/or family), situs (state law), and distribution provisions (postmortem).

### Potential Loose Ends to Tie Off:

- ❖ Regularly verifying beneficiaries (think - new children, grandchildren, marriages, divorces)
- ❖ Regularly verifying dispositive provisions (changes in desires or circumstances)
- ❖ Ensuring your burial requests have been captured and communicated (see updating your **Memorial Instructions**)
- ❖ Documenting assets and important gifts you would like to leave to certain people (see **Asset Microscopes**)

# 03

## Reviewing Your Memorial Instructions

It's the details that matter most



Documented *Memorial instructions* can greatly reduce the potential stress and conflict among heirs and family members. Without documentation of your desires, heirs are left to make critical and emotionally taxing decisions in a short period of time and often under a great deal of stress. Documenting these instructions and communicating them to your heirs can be extremely helpful to them.



### Potential Loose Ends to Tie Off:

- ❖ Determining whether to bury or cremate and coordinating and documenting the necessary arrangements
- ❖ Organizing funeral and/or other celebration of life arrangements
- ❖ Ensuring that the responsible parties selected to carry out your desires have read the document and are willing to follow it
- ❖ Reviewing and modifying the document as necessary and including it in your will
- ❖ Deciding who will write the obituary and what should it convey to the reader



# 04

## Asset Microscopes

Getting focused on documenting assets



A solid estate plan should have a full list of all the assets in your estate, but a great estate plan goes further than just what's listed on your personal balance sheet. To help with that, we created the LEM Asset Microscopes, a series of tools designed to give your heirs and your estate planning team a greater degree of detail about your assets, so they have all the information they need to make the right decisions regarding your estate.

### Balance Sheet

#### Microscope

The **"Balance Sheet Microscope"** is used to further document information about balance sheet assets (i.e. assets that have a legal title such as **stock, real estate and business assets**). It is essentially a document providing additional details about each asset beyond its value. We have learned that documenting additional information can be key to helping heirs in making informed decisions about each asset. It includes information such as **current market value, cost basis, future potential for the asset, 10-year goal for the asset, at what point should the asset be sold**, and so on.

\*(See Appendix for example of the Balance Sheet Microscope Form)

### Potential Loose Ends to Tie Off:

- ❖ Reviewing and updating regularly for relevance and accuracy
- ❖ Making material changes (if assets have been sold, changed in value, etc.)
- ❖ Scrutinizing Trusts – once someone passes – often other "trusts" are created, and these assets may be better suited for certain types of trusts – the Balance Sheet Microscope can help make decisions as to which types of trusts are best suited to the assets in question.



# Personal Property

## Microscope (PPM)

Used to record personal property items that don't generally have legal title such as, **personal heirlooms, art, antiques, jewelry, furniture,** etc. The "**Personal Property Microscope**" is a tool developed to help identify characteristics of the asset and whom it is to be left to. We recommend the giver take photographs of each item and document the photo with important information about the asset (like purchase value, history of the asset, anticipated future value etc.) to be included in their will. If you have many items to gift a recommendation is to document three every quarter and review every 3-5 years.

\*(See Appendix for example of PPM Form)

## Personal Property

### Microscope Records:

- ❖ Item Description
- ❖ Photograph of Item
- ❖ Cost & Date of Purchase
- ❖ Current Value
- ❖ Who is to receive it?
- ❖ Purpose, significance & history of the item
- ❖ Signatures of both giver & receiver



# 05

## Reviewing Your Trust Documents

Determining transfer of assets & protecting your wealth

Having an **estate plan** in place can offer reassurance that your assets will be managed according to your wishes, both during your lifetime and after you pass away. While many people think of wills as the centerpiece of an estate plan, wills can be contested and have to go through a lengthy probate process. Instead, many people will use a trust to transfer assets to their loved ones. There are several reasons why you might decide to establish a trust. Accordingly, there are many types of trusts, each corresponding to a different goal or financial situation. If you need to get your estate sorted, a [financial advisor can help](#).

Once you have created your trust documents, it is vital that they be revisited to ensure they have reflected changes in your life (think marriages, divorces, grandkids, sale and purchases of new assets etc.), are relevant and up to date. Next we consider potential loose-ends to review for two types of trusts: **The Revocable Living Trust & Irrevocable Life Insurance Trust.**

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# 05

## Reviewing Your Trust Documents

### Revocable Living Trusts



## Revocable Living Trusts

A *revocable living trust* simplifies the handling of your property in your estate, maximizes privacy for your family by reducing the family assets subject to probate, and creates a management vehicle for your assets that can assist your successor trustees if and when you become unable to do it on your own. This type of trust has grantors, trustees, and successor trustees, as well as beneficiaries (lifetime and postmortem), sub trusts (marital or family), distribution provisions (lifetime and postmortem), and disability provisions.

### Potential Loose Ends to Tie Off:

- ❖ Maintaining the Trust: to ensure all assets, current and newly acquired are titled in it
- ❖ Updating successor trustees and beneficiaries based on your desires and/or changes in their status of (divorce, marriage, death, etc.)
- ❖ Educating the successor trustees about their duties and your desires
- ❖ Communicating your plan to your heirs for their understanding
- ❖ Hosting instructional family briefings to educate and prepare the successor trustees and beneficiaries for their duties

# 05

## Reviewing Your Trust Documents

### Irrevocable Life Insurance Trusts



## Irrevocable Life Insurance Trust

An *irrevocable life insurance trust* removes death benefit proceeds from your taxable estate, protects cash values in the trust from claims and creditors, and controls the amount and timing of distributions. This type of trust has trustees, successor trustees, and beneficiaries, and owns life insurance policies, which can be a single life policy or a survivorship policy.

### Potential Loose Ends to Tie Off:

- ❖ Arranging for the transfer of funds to pay the insurance premiums (and updating it with any life insurance changes that affect it)
- ❖ Creating and sending the annual Crummey Notices
- ❖ Filing a gift tax return, if needed
- ❖ Ordering the in-force policy illustrations annually
- ❖ Reviewing the policy's performance, relevance, and current suitability

# 06

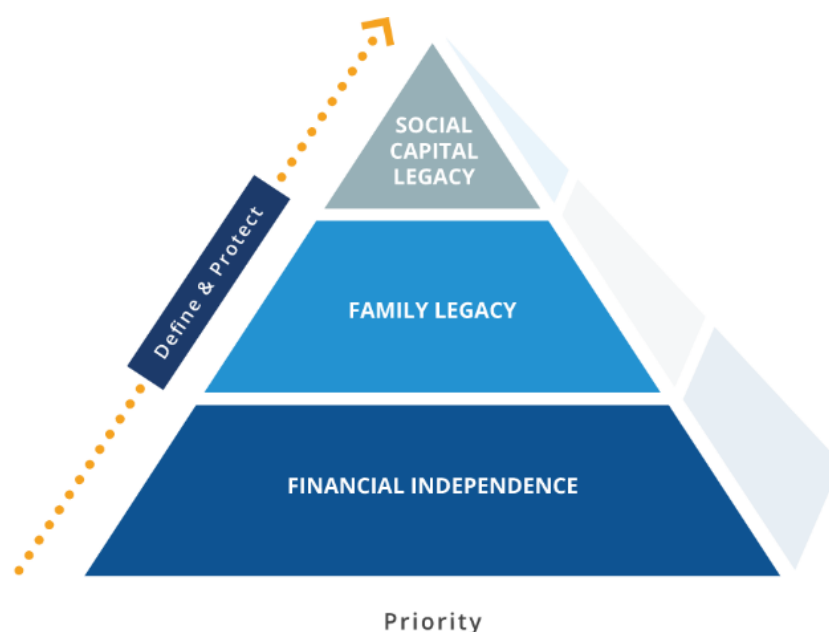
## Reviewing Your Philanthropic Vehicles & Strategies

Giving changes lives...make a lasting impact



To us, there is no bigger satisfaction than helping clients plan a Legacy that will outlast them and their heirs, enabling them to give to the causes that matter most to them all while saving on taxes and protecting their wealth. HoyleCohen advisors have helped clients gift millions of dollars to causes that are near and dear to them. As with any planning strategy, giving strategies need to be regularly reviewed, updated and kept fresh and alive.

There are a myriad of ways a person, family, or organization can set up a formal philanthropic strategy. Here we discuss the loose ends to be managed and secured with respect to Donor Advised Funds (DAF's), and Charitable Remainder Trusts (CRT'S).



Leave the legacy YOU want.

# 06

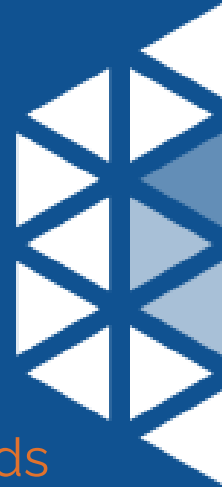
## Reviewing Your Philanthropic Vehicles & Strategies

### Donor Advised Funds

A **Donor Advised Fund (DAF)** is a low-cost vehicle for charitable giving which can provide income tax benefits and involve the use of a sponsoring organization (public charity) to provide research for any 501(c)3 organizations in which you're interested.

The fund provides investment management at a low cost, administration and accounting services, a structure for your wishes to be administered well into future generations, and grant-making support.

Establishing a DAF is relatively easy, inexpensive, and can be done through numerous institutions. A DAF is a great way to create a legacy of family philanthropy.



### Potential Loose Ends to Tie Off:

- ❖ Monitoring asset mix & performance regularly
- ❖ Making charitable distributions as desired
- ❖ Verifying charitable objectives are met
- ❖ Forming a Donor Advisory Board to determine which organizations will receive distributions
- ❖ Reviewing and monitoring the mission statement & giving guidelines
- ❖ Discussing the legacy aspirations with potential future donors
- ❖ Coordinating with the Community Foundation to determine the process for future distributions as directed by the Family Donor Advisory Board
- ❖ Conducting periodic family briefings for transparency and open communication

# 06

## Reviewing Your Philanthropic Vehicles & Strategies

### Charitable Remainder Trusts



## Charitable Remainder Trusts

A **Charitable Remainder Trust (CRT)** allows you to receive a partial present income tax deduction, eliminates capital gains tax on the **sale of** gifted assets, provides an income stream during your life, benefits the community through charity, leaves a legacy, reduces your estate taxes, and diversifies your highly appreciated stock portfolio or real-estate with a low-cost basis. To establish a CRT, you'll have to select the trust type, payout rate, payout period, 7520 rate, trust term, trustees, charitable beneficiaries (these can be changed), and a trust administrator. You are then expected to draft and execute the trust, establish accounts in the name of the trust, appraise the assets to be transferred into the trust, and transfer the asset accordingly.

### Potential Loose Ends to Tie Off:

- ❖ Conducting the annual January valuation
- ❖ Issuing the distributions per the trust document
- ❖ Monitoring and managing the investments
- ❖ Preparing and filing appropriate tax forms
- ❖ Monitoring income beneficiaries
- ❖ Monitoring and reviewing the charitable beneficiaries



# 07

## Family Limited Partnerships

### Tax, Creditor & Succession Planning Tools



*Family Limited Partnerships (FLP)* allow you to own assets with your family, make decisions jointly with your family, share income with your children without gifting, provide practical financial education opportunities, and make tax favored wealth transfers to the next generation. It is highly effective tool to accomplish estate planning goals, family sales, and charitable gifts.

Establishing a FLP, requires you to determine who will be the general partners (GP), limited partners (LP), who has voting rights, liquidation rights, and what will be the income sharing arrangements. Additionally, you're expected to draft and execute the FLP, establish accounts in the name of the FLP, fund it with the appropriate assets, distribute GP and LP units in proportional shares, and conduct appraisals for the contributed property and any unit.

### Potential Loose Ends to Tie Off:

- ❖ Managing the capital accounts
- ❖ Issuing the proportional distributions to all owners
- ❖ Monitoring investments and asset allocations
- ❖ Preparing and filing appropriate tax forms
- ❖ Ensuring the CPA, Estate Attorney & Advisor are communicating

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# Appendix

- ❖ Balance Sheet  
Microscope Form
- ❖ Personal Property  
Microscope Cover  
Form
- ❖ Personal Property  
Microscope Form



## Balance Sheet Microscope

Getting Focused on Documenting Assets

Name of Asset:

Date:

Type:

Ownership %

Market Value:

Title for Ownership:

Date of Acquisition:

Amount of Debt (if applicable):

Interest Rate:

Term:

Cost Basis:

Purpose for this Investment (reasoning behind the decision for the investment):

Current Income:

Current Expenses:

Future Potential:

10-Year Goal for this Asset:

Should this asset be kept for a long term?  
Why?

How long?

At what point should this asset be sold (are there other factors that would/should determine when/why to sell this asset?)

Is this an asset that should be transferred from generation to generation?  
If so, why?

# Personal Property Microscope

Getting Focused on Documenting Assets

The "**Personal Property Microscope**" is used for personal property items that don't generally have legal title such as, **personal heirlooms, art, antiques, jewelry, furniture**, etc. It is a tool developed to help identify characteristics of the asset and whom it is to be left to. We recommend the giver take photographs of each item and document the photo with important information about the asset (like purchase value, history of the asset, anticipated future value etc.) to be included in their will. If you have many items to gift a recommendation is to document three every quarterly and revisit them every 5 years or so for relevancy.

Item Description:

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Cost and Date of Purchase:

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Current Value: \_\_\_\_\_ Date of CV: \_\_\_\_\_

Purpose, significance and history: \_\_\_\_\_

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Who will receive item? \_\_\_\_\_

Signature: \_\_\_\_\_  
Giver

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Recipient

Date: \_\_\_\_\_

# Personal Property Microscope

Getting Focused on Documenting Assets

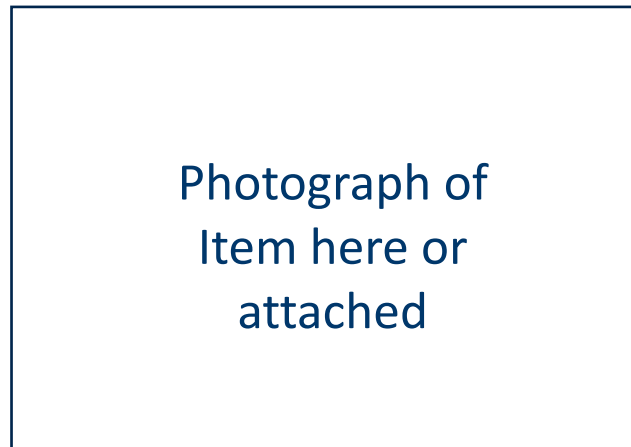
Item Description: \_\_\_\_\_  
\_\_\_\_\_

Cost and Date of Purchase: \_\_\_\_\_

Current Value: \_\_\_\_\_ Date of CV: \_\_\_\_\_

Purpose, significance and history: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Who will receive item? \_\_\_\_\_



Signature: \_\_\_\_\_  
Giver

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Recipient

Date: \_\_\_\_\_