

CLIENT CASE STUDY

Lisa & Scott: Preserving the Family Legacy

Overview

Lisa and Scott are in their early 50's and have two kids. Lisa's father passed away the previous year, and her mother has dementia - leaving Lisa to replace \$150,000 in annual income and manage the finances for the family. She didn't know where to go or who to trust.

Lisa was referred to Dana Cornell by a friend who had worked with him on a similar financial plan for her family. During the consultation meeting, Dana discovered a number of items that were not optimizing her financial plan.

- Lisa's Merrill Lynch account was comprised of 85% equities which has averaged 5.7% with 1.8% income for the last five years
- Cash from a real estate sale has been in cash for too long
- They have a pending sale of a home
- Her mother has \$300,000 in assisted living initiation costs, with a \$30,000 monthly ongoing expense

Approach

Lisa engaged Dana to help optimize her portfolio and minimize the tax implications of her investments. To do this effectively, Dana separated his approach into two phases.

Phase 1:

- Repositioned underperforming Merrill Lynch assets to produce 9% income on
- \$117,000 (50%) of total account, along with a \$260,000 tax deduction from depreciation.
- Facilitated a charitable gift to further offset tax liability.
- Invested cash to yield 9% current income and 17% annualized expected return - leading to \$180,000 annual income and the potential for \$40M over Lisa's lifetime.

Phase 2:

- Added liquidity to cover estate tax liability & generational trust plan

Results

After the plan was put into action, Lisa realized both short-term and long-term results that preserved the new wealth that was created.

Short Term	Long Term
<ul style="list-style-type: none"> • \$317,000, largely tax-free, annual income • Doubled overall total return & lowered overall fees Greatly reduced volatility risk • Introduced much greater consistency of returns • Covered assisted living expenses without depleting principal 	<ul style="list-style-type: none"> • \$13M - \$40M added to family net worth, without the need for new assets • Created liquidity inside of the estate to preserve the new wealth that was created. Structured Trust created to provide for multiple generations • Forever changed the family legacy by simply utilizing assets more efficiently, and with proper planning.