



A CONVERSATION WITH JOHN W. BENN

More than the Sum of its Parts

'HOLISTIC' PLANNING ADDS UP TO FINANCIAL SUCCESS

Many times, financial arrangements are made haphazardly, resulting in a tangle of accounts, investments, policies and so on that may only accidentally meet clients' needs, goals and dreams if at all. On the bright side, many people today are taking a more "holistic" approach to financial and estate planning. By doing so, they're finding they can create a more comprehensive and accurate picture of their financial status, allocate their assets more logically, and regain more control over the entire process.

Charitable Legacies spoke with John Benn, president of Bricktown Financial, LLC. Benn's clients benefit from his 31 years' experience in financial planning.

Q. What exactly is a holistic approach to estate planning?

A. In my view, "holistic" financial planning consists basically of four interrelated things. First, it takes what may be a set of fragmented financial arrangements and seeks to unify them into a logical, coherent plan. Second, a holistic approach is process-based and objective-oriented, rather than being product-focused. Third, it should ideally involve a team made up of all of a client's financial, tax, and legal advisors. Related to this team approach, it should also seek input from and keep apprised the appropriate members of the individual's family.

Q. How would someone actually put these approaches into practice?

A. With a holistic approach, a client's financial situation is evaluated based on where the individual is today, how he or she got there, whether that financial situation is on target and whether there are

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corrections that need to be made to attain objectives, goals and dreams.

Many times the client has never seen an overall picture of his or her finances. For example, three brothers, ages 48, 50 and 52, who were business partners, were selling a highly appreciated company worth \$6 million. They also had significant retained earnings issues. They had various forms of insurance and no business succession plan. By evaluating the overall picture, we developed a plan that began with dividing the company into three equal shares worth \$2 million each. Each brother then donated the stock to a family foundation income trust. A wealth replacement trust was established to replace for their heirs the amount gifted to their foundations. Based on their ages and the design of the program, the brothers were able to avoid 100 percent of the capital gains tax as well as generating \$44,000 a year more than they had been drawing as salary, in income for life for each brother and his wife.

Q. How else can a holistic approach help?

A. Many clients' finances may be highly fragmented. For instance, 15 years ago, the client may have acquired an asset from a broker who's no longer in business, or a policy from a life insurance agent who never called him back. A lot of things may have happened in the interim. As a result, the client's finances end up fragmented, rather than proactively coordinated. With holistic planning the client views his financial arrangements as a journey, not a sprint. A financial planner using a holistic approach will try to motivate a client to engage in the journey, and to view the elements of the financial situation as propelling them on the journey rather than detouring the plan.

Q. How does one proceed with a holistic plan?

A. Once the team has reviewed and assessed the situation, you develop a rough draft of an overall or corrective plan. Then you begin to discuss what strategies you want to go forward with, under what time frame and parameters -- and I toward what goals and objectives.

Q. Why is the team approach so important?

A. The heart and soul of the holistic approach is the relationship between the client and his or her professional advisors. In this approach, before you ever reach an implementation stage with a client, the client's financial advisor, attorney, CPA and the client sit down together. It's a team implementation and it's an ongoing team-reviewed process. It's a true win-win situation.

In the case of the three brothers I mentioned earlier, their CPA pointed out their specific needs. The brothers evaluated their goals and needs over the course of several meetings with their professional advisors. As a result, the three significantly reduced their income taxes, increased income, avoided estate and capital gains taxes, significantly reduced their exposure to litigation and still were able to maintain control over their affairs. In addition, they were able to create a multimillion-dollar inheritance for their children that will never be reduced by taxes. Without the efforts of a team of dedicated professionals working in concert, the chances that all of the pieces fit correctly in a whole estate picture are greatly reduced. A team approach provides security and strategic, effective results that last.

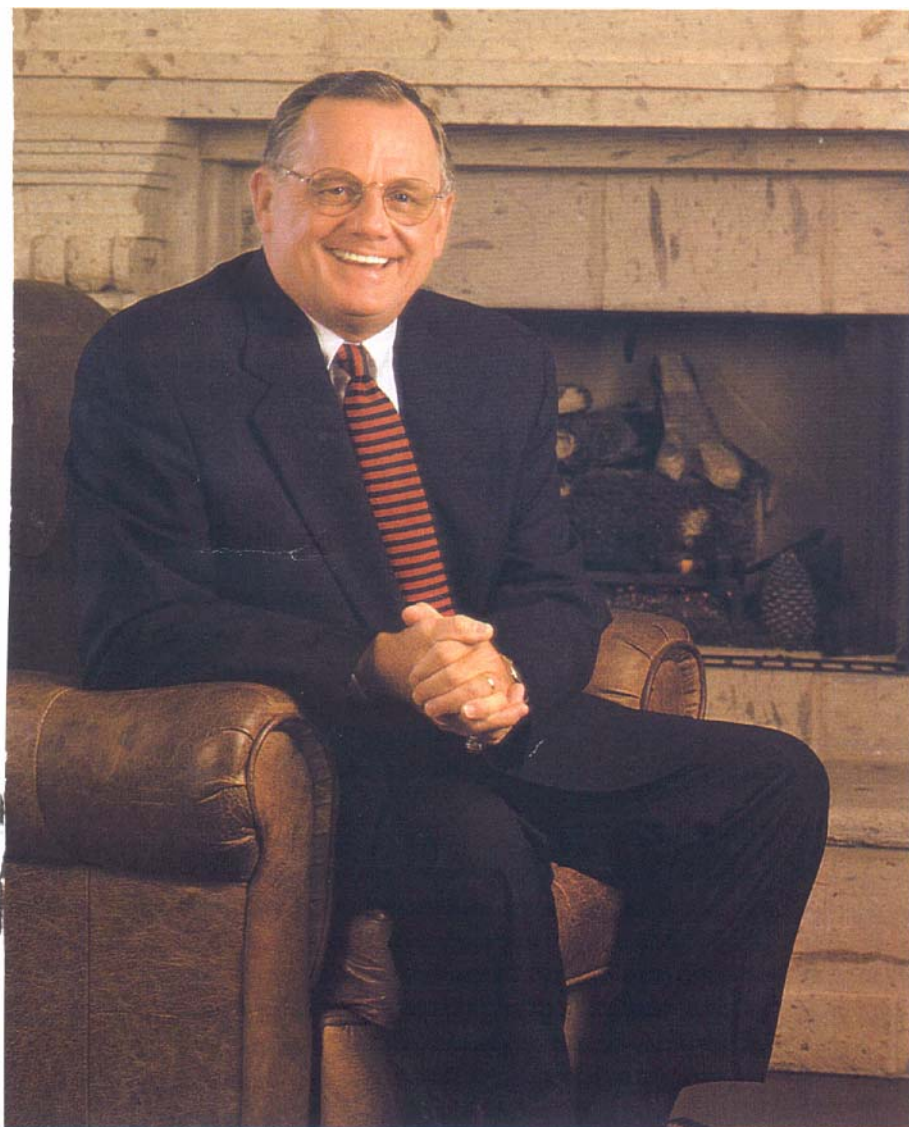


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