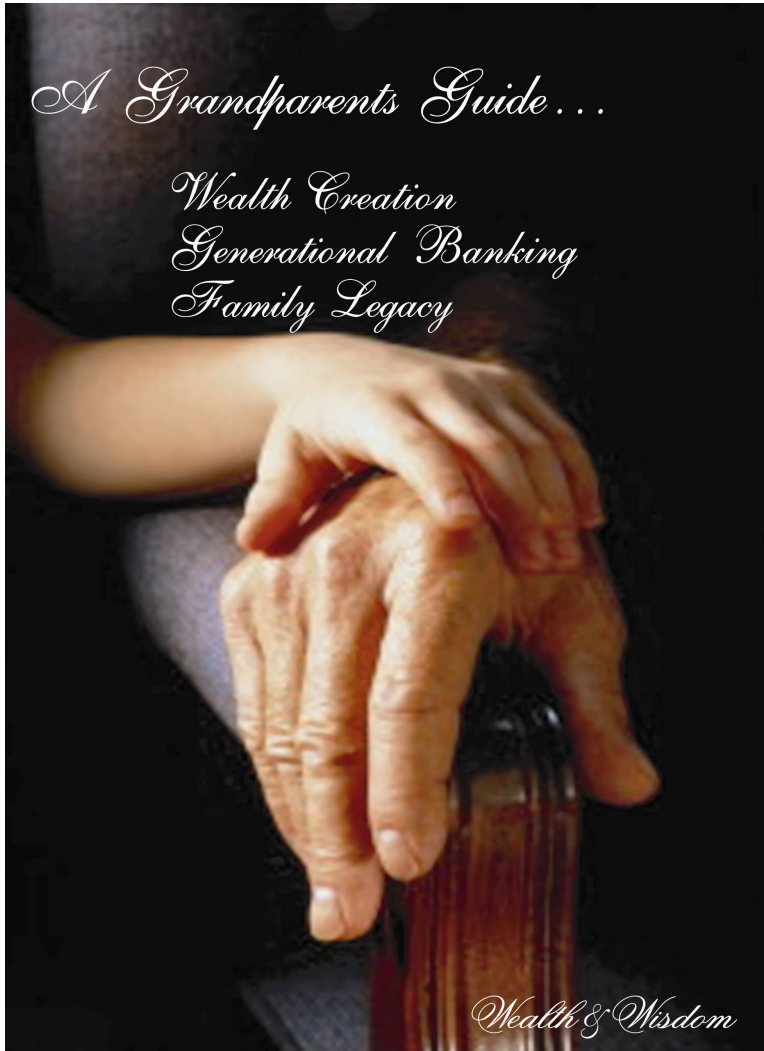


# *The Family Legacy*

*A Grandparents Guide...*

*Wealth Creation  
Generational Banking  
Family Legacy*



*Wealth & Wisdom*



#### Legal Disclaimer

This presentation is for educational purposes only and should not be considered as specific investment or planning advice. Depending on individual circumstances, the strategies discussed in this presentation may not be appropriate for your situation. Please consult a qualified advisor regarding your individual circumstances and to learn more on strategies that may be appropriate for you. All investments involve the risk of potential investment losses as well as the potential for investment gains. Prior performance is no guarantee of future results, and there can be no assurance that future performance will be comparable to past performance. Any examples or client case studies are hypothetical, intended for illustrative purposes only and highlight a single possible outcome. Your results will vary.

Life insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Accessing cash values may result in surrender fees and charges, may require additional premium payments to maintain coverage, and will reduce the death benefit and policy values. Loans are income tax free as long as Policy is not a “modified endowment contract” (MEC) and policy must not be surrendered, lapsed, or otherwise terminated during the lifetime of the insured. All guarantees are based upon the claim-paying ability of the issuer.

# *Generational Wealth Creation*

---

## **The Vanishing Legacy**

With the final breath, it all ended. All the lifelong dreams, the fifty years of work, raising a family, the pain of losses, the memory of joys and happiness gone. Now all that is left of that life are the memories of that person and the legacy of a lifetime. To those left behind, the memories are theirs to keep, but everything else must be divided into two categories: What they are allowed to keep, and what the government claims to be theirs. What is truly unfortunate is that the government claims must be settled first, and what is left is divided between creditors of the deceased and members of the family.

A hundred years ago it was not uncommon for farms to be worked and owned by a family. The grandparents were there working and contributing to the farm, along with their middle-aged children and their grandchildren. The family structure was whole. Family pride was evident and this was passed on generationally. The older members of the family were well aware of the idea of legacy. They worked hard to create a better life for the next generation. The farm, along with the memories, was their legacy.

Today that element of a family legacy has almost disappeared. Although there are loving memories, the passing of the family “farm” today known as family wealth, has been mismanaged into non-existence.

Interference from the government, an enormous lack of financial knowledge, pride and ignorance robs families from passing tremendous amounts of wealth to the next generation. Along with it goes the lasting family legacy.

When no one pays attention to the everyday details of the farm, it will no longer be a productive entity to pass on, and in many cases, it will become a burden and a debt to the next generation of the family. Today the idea of viewing the family as a single unit has been ignored by almost everyone, yet it remains as one of the only solutions for creating lasting family wealth, generationally. The passing of the family wealth (the farm) doesn't occur accidentally. It is planned and well thought-out. Rich people do this often and their families remain rich. Poorer families, although their lives may prosper, believe in taking it with them when they die. Their legacy is usually a home, some savings, and other (for lack of a better word) stuff. Although those things have value, they lack in comparison to what could have been passed on had the entire family planned the family legacy seriously.

The idea of keeping wealth in the family is opposed vigorously by the government because they have a harder time getting their hands on this money via taxes. Many politicians try to pit the rich against the middle class, all the while the middle class aspires to be rich pursuing their financial dreams via the lotto and casinos. The difference comes down to this: Some families guarantee their ongoing legacy while others gamble it away.

## **The Social Fiber Of The Country**

The United States started to lose an important social foundation in the 1960's. Crisis after crisis, from Vietnam to civil rights, the drug culture to presidential assassinations, the once starry-eyed nation woke up with a reality hangover that would plague it forever. What would suffer the most in this historic time would be the family structure. The “What’s in it for me” and the “I want it now” generation blossomed and grew up to train and educate the next generation, flaunting the wisdom of ME and I.

The family social structure, once the cornerstone of ethics and morality, started to crumble and with it family opportunities also crumbled. The growth of single parent families left little room for financial success. Government social engineering only created more problems and greater dependence for its so-called “free” benefits. That dependency aided the problem not the solution. The after-effects of the loss of the family structure continue to cost the government billions of dollars. Along with the costs, are increasing crime rates, suicide rates, divorce rates, abortion rates, personal debt and bankruptcy rates. All of these have a direct correlation to the loss of the family structure.

## **INSTITUTIONALIZING EDUCATIONAL STANDARDS**

With the fall of the family structure, the liberalizing of education took on the role of psychologist in making kids feel okay and being sensitive to their every need. The new educational goal is that no one would fail in school. They would only fail after they were out of school. The ability to apply school knowledge to everyday circumstances is non-existent. Not only is the knowledge missing to grow wealth, but also missing is the family and its ability to grow wealth generationally. In the old days, this would be the equivalent to the grandparents leaving the farm before they taught their kids the farming process. Obviously, nothing would grow, which is why in today's family, nothing is growing either. More time and energy is spent on teaching you how to spend your money, rather than how to save it. You end up unknowingly and unnecessarily giving away your wealth and wealth opportunities.

If tomorrow you discovered an opportunity that, by planning together with your parents or your kids, could create millions of dollars for your family (or charities), would you take advantage of that opportunity? If you also discovered that the money could be transferred to your family, guaranteed and income tax free, would you do it? I have reason to believe that you were not taught how to do this in school, any school.

## Creating The Legacy

It came to my attention while visiting the San Diego Zoo that every animal display had something in common. Each one of them was funded or sponsored by a family or family foundation, a/k/a generational family wealth. The question that came to my mind was: What did these families do, that others didn't or don't do? The revelation hit me like a ton of bricks: They leverage the least amount of money to create the most amount of wealth by investing in their family.

**RULE NUMBER ONE:** In your family, use the least amount of money to create the greatest amount of wealth.

**RULE NUMBER TWO:** Guarantee the wealth will occur and that the legacy will transfer, income tax-free.

That was the answer. It was clear, and believe me, it was the best trip to the zoo I ever experienced. On the way home though, one thought kept echoing through my head: Rich people think like rich people, poor people think like poor people. It was troubling. I asked myself one question: Would someone want to create wealth for their family if they didn't have to spend one more dime than they were spending right now? If you could realign your assets to make wealth possible and still retain control of the money would you do it? The key to all of this is to consider the family as an investment.



## Controlling The Asset

Investing is not about where your money is, it's about how can you use it to create wealth. This is far different than buying a stock and praying that the stock will go up. Warren Buffett never buys 100 shares and just holds it. He, like Mark Cuban, buys shares of a stock to get some level of CONTROL of the company. If you have the resources to take control of a company, and you think it's a great investment, do it. If you want to try to guess on some companies, buy their stock and hope it goes up, you might as well go to Las Vegas, because you have no advantage at all to CONTROL the value of that stock.

In the old days, the family had total CONTROL of the farm. The family could affect the growth and outcome of the farm they owned and CONTROLLED. Today, in generating family wealth, dabbling in stocks doesn't provide the ownership and control that is needed to pass on wealth successfully. The elements that affect these types of legacies are taxes, risk, creditors, and luck. In defense of many who follow this strategy, professional advice has told them this is the only way to create wealth.

## Leverage

Unfortunately, following traditional investment plans does not create multiples of wealth immediately. If a family asset is not being used to generate income then that asset should be used to create family generational wealth. You would want to insure and guarantee that the wealth be transferred to the family income tax-free. Most importantly you would want to expend the least amount of money to create the most wealth. This is known as *leverage*.

## The Contract

If you were able to invest in the oldest member of the family and they allowed you to do so to create the ultimate family legacy, what investment would be used? Life insurance. It is the perfect solution for family wealth creation. It is a contract the family **CONTROLS**. The cash values and death benefit grow tax-deferred and income tax-free. It is protected from creditors and passes outside of probate. Any number of family members including the parents can contribute to the premiums. This creates the greatest amount of death benefit that will pass on to the family. All of this is centered on the legacy of love. This will be a very emotional decision and should be viewed with the proper perspective. In the old days, all members of the family would invest all their time and money to increase the

wealth of the farm, knowing someday it would be theirs. They didn't do this out of greed, but out of love for the family.

*Leonard Renier  
President, Wealth & Wisdom*