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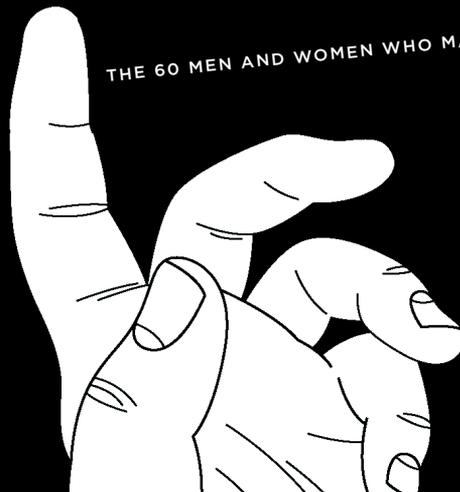
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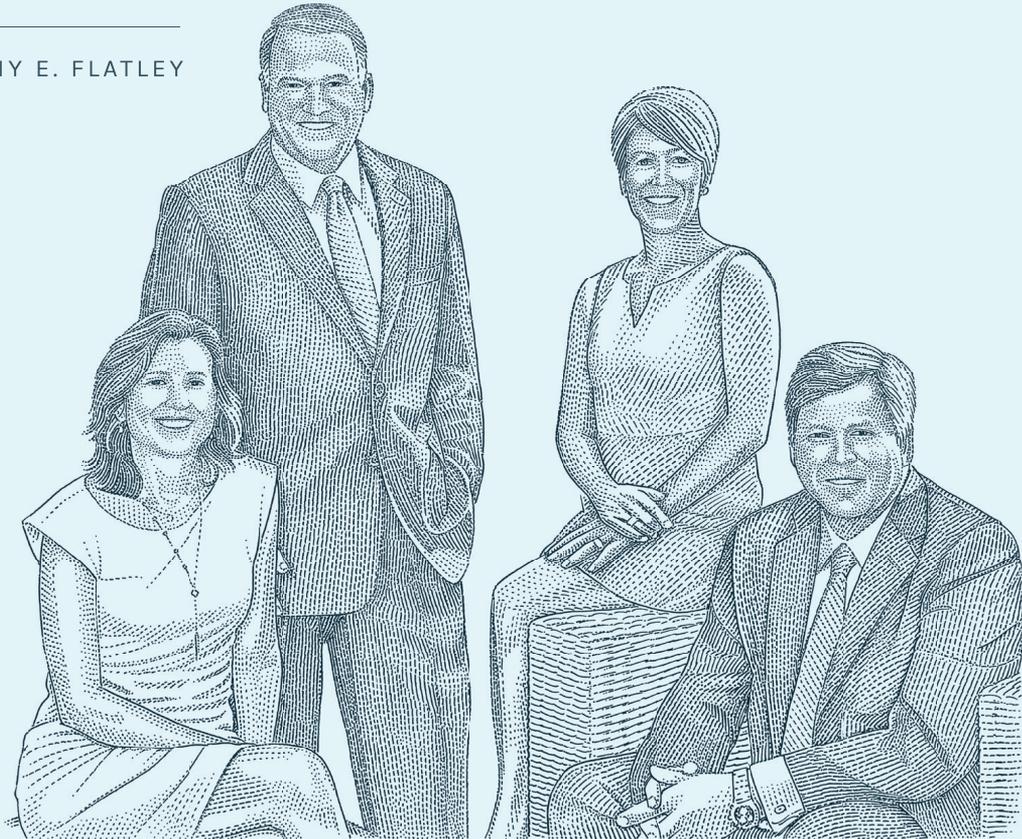
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How can I best prepare for the challenges that may come with “sudden wealth”?

BY TIMOTHY E. FLATLEY



Left to right: Lisa Curcio, Sean M. Flatley, Michelle Smaltz, Timothy E. Flatley

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TEAM

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ASSETS UNDER MANAGEMENT

Available on request

MINIMUM FEE FOR INITIAL MEETING

None required

MINIMUM NET WORTH REQUIREMENT

\$1 million

FINANCIAL SERVICES EXPERIENCE

30 years

COMPENSATION METHOD

Asset-based, fixed and hourly fees

PRIMARY CUSTODIAN FOR INVESTOR ASSETS

Charles Schwab

PROFESSIONAL SERVICES PROVIDED

Planning, investment advisory and money management services

ASSOCIATION MEMBERSHIP

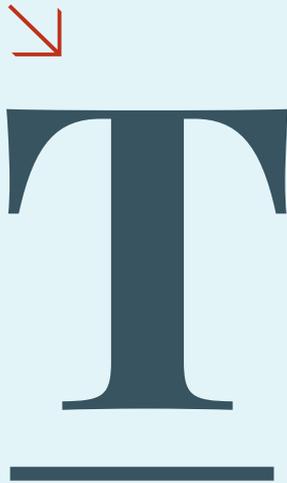
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Two driving forces are already in play which, eventually, will result in an increasing number of people confronting the issues associated with gaining sudden wealth. The first is the largest intergenerational transfer of wealth in history, which some experts estimate to be \$12 trillion. This transfer will occur over the next 25 years.

The second driving force is the current “frothiness” of the capital markets. Many entrepreneurs are either taking their

companies public or selling them, to the tune of enormous payouts.

Both scenarios have the same result: people suddenly dealing with the pressures and challenges of managing their newly arrived wealth. A recent example: We were referred to an individual who sold his company, which prompted many personal concerns.

He voiced these concerns, asking questions such as:

- “Are my current advisors able to manage a significantly greater amount of assets?”
- “How do I build a portfolio that will allow



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me to never worry about working again?”

- “How do I protect my assets in an increasingly litigious society?”

Perhaps his greatest concern was his own lack of information about all the risks out there that he should be considering.

This individual was successful because he has a great mind for detail: For years he had developed complex processes and checklists to guide the operation of his business. To ease his anxiety, we created a “sudden wealth checklist” which included not only the concerns he articulated, but those we had previously identified from working with many people like him. It then became a simple process of comparing his current status

to the items on the checklist, and developing an action plan to address the shortcomings.

The “sudden wealth checklist” is too long to reproduce here. (You can find it on our website: www.sterling-advisors.com.) However, the major questions for families and individuals gaining sudden wealth include:

DO YOU HAVE THE RIGHT TEAM MEMBERS?

A high net worth family requires a coordinated team consisting of a wealth advisor, a tax advisor and a legal advisor. Each of these

experts should have experience with clients similar to the “sudden wealth” recipient. Frequently, such individuals outgrow the capabilities of the advisors they have worked with in the past.

WHAT IS YOUR ASSET PROTECTION STRATEGY?

High net worth families are popular targets for legal claims and fraud. A strategy should be in place that utilizes liability insurance, well thought-out account titling and trusts to protect the family’s assets.

HOW SHOULD YOUR ESTATE PLAN BE MODIFIED?

Each parent may transfer up to \$5.43 million of assets before federal estate taxes are assessed. The tax rate above this level is 40 percent and state inheritance taxes are often applied in addition to federal levies (watch out in New York, New Jersey and California). There are numerous tactics known to an experienced advisory team whose members can help reduce the impact of these taxes.

Overall, “sudden wealth” is not the panacea most of us would expect it to be in terms of alleviating a family’s worries and delivering instant gratification. But, through careful planning and management, and with the assistance of a thoroughly vetted advisory team, “sudden wealth” can bring security and happiness for generations to come. ●

ABOUT US

STERLING INVESTMENT ADVISORS RECOGNIZES THAT EVERY SITUATION—EDUCATING CHILDREN, BUILDING RETIREMENT WEALTH, INSURING AGAINST LOSS, REDUCING TAXES, PLANNING ESTATES, SETTING UP TRUSTS, ETC.—BRINGS ITS OWN COMPLEXITIES. The objective of the firm’s team concept is to help clients develop a support group of professionals to delegate the management of these issues. Sterling Investment Advisors, an independent wealth management firm, is recognized as one of the Top 10 Independent Investment Advisors in Philadelphia by *Barron’s* WCO. The firm was named three times to the Philadelphia 100, honoring “the fastest-growing privately held entrepreneurial companies in the Philadelphia region”; has 30 years of investment experience with an independent orientation; and utilizes proprietary trading strategies, with assets held at Charles Schwab. Please visit Sterling Investment Advisors’ website at www.sterling-advisors.com and view the exclusive welcome letter for *Worth* magazine readers. ●



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