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## The Value of a *WorkPlan*

By Robert Katz, CFP®

“I can't change the direction of the wind,  
but I can adjust my sails to always reach my destination.”

-Jimmy Dean

High net worth individuals depend on wealth management firms and financial advisors to help them achieve their unique goals and objectives. Development of a comprehensive plan and frequent communication are essential for wealth advisors to distinguish themselves in today's marketplace. By identifying current and future portfolio and wealth strategy assignments specific to each client, we create an individualized *WorkPlan*, unique to Bainco, which fosters a strong, lasting relationship.

We begin all client relationships by creating a detailed Investment Policy Statement (IPS). The IPS outlines a summary of the client's assets, liquidity needs, tax considerations, time horizon of investments, risk tolerance, return objectives and origin of funds. This information leads to an agreed upon asset allocation between the manager and the client. This discussion develops into follow-up assignments which initiates the creation of the *WorkPlan*.

A *WorkPlan* summarizes the various tasks, deadlines and action items necessary to achieve and maintain each client's goals and objectives. It is a living document that is constantly evolving. Topics typically include:

- Cash Flow
- Retirement Planning
- Charitable Gifting
- Exemption Planning
- Effects of recent tax legislation
- Real Estate
- Realized Gains/Losses Balancing
- Review of prior year tax return
- Private Investment review
- Changes in client goals and circumstances

A typical *WorkPlan* includes several constants year-over-year such as IRA contributions, gifts to family members or charitable contributions to a donor advised fund. As clients experience life events (i.e. birth of a child, death of a family member, large purchases, the sale of a business, etc.) or as legislative changes occur, more in-depth tasks are added to the *WorkPlan*. For example, in accordance with a particular client's wish to move assets downstream to their children in a tax efficient manner, we coordinated the following items listed on their *WorkPlan*:

- ✓ collaborate with the client's estate attorney to review lifetime exemption available and terms of the trust
- ✓ examine the client's cash flow needs
- ✓ suggest the client move \$1 million in trust to their children
- ✓ create an irrevocable trust to shelter assets from potential creditors and help determine appropriate trustees
- ✓ open new trust account at custodian
- ✓ determine which assets to move to the trust
- ✓ coordinate the gift tax return with the client's CPA
- ✓ ensure the timely transfer of assets to the new trust

*WorkPlans* also incorporate topical industry-related issues that are often applicable to many Bainco clients. In 2010, there were significant changes to the IRS rules regarding individuals' eligibility to convert IRAs to Roth IRAs. For those Bainco clients with qualified retirement assets, we ran conversion analyses to determine the tax ramifications and projected benefits of conversion. We then made individual recommendations based on our findings to each impacted client. For clients who decided to convert, we continue to monitor the fair market value of the Roth IRA assets to determine whether the conversion remains beneficial and/or requires re-characterization in 2011.

An effective *WorkPlan* is reflective of the collaborative effort between Bainco, its clients and their advisors. The *WorkPlan* serves as a blueprint and is a catalyst to keep the dialogue open among all parties involved. Revisiting and consistently updating the *WorkPlan* triggers conversation that keeps the planning current and relevant. Establishing a comprehensive alignment of the client's financial goals to their *WorkPlan* gives each client the individual attention and objective advice that is essential for long term success.

#### **About the Author**

Robert Katz is the Managing Director of Wealth Strategies at Bainco International Investors in Wellesley, MA. His team works closely with clients and their advisors to identify, strategize, and ultimately meet each client's unique wealth objectives. Robert earned a Bachelor of Science degree in Investments and Finance with an emphasis in Accounting from Babson College. He earned his CERTIFIED FINANCIAL PLANNER™ certificate at Bentley College.

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For over 24 years, Bainco has been providing highly customized investment management for a small group of individuals, families, and trusts. Our aim is to create lifelong partnerships with our clients, offering individually tailored investment strategy and management, highly personalized service, and integrated wealth planning that address clients' unique needs and goals. Bainco has earned a reputation for understanding the issues that arise from significant wealth, and caring about the well-being of our clients.

For more information about Bainco and how we might serve you or your clients, call us at 617-536-0333, or visit [www.bainco.com](http://www.bainco.com).

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372 Washington Street • Wellesley, MA 02481  
Main: (617) 536-0333 • Fax (781) 239-3333 • Web: [www.bainco.com](http://www.bainco.com)