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*Over the past several years Renier has trained thousands of financial professionals. His software, research and personal communication training delivers the discussions and information needed to make better decisions in today's economy. Wealth & Wisdom Institute is the bridge between understanding the challenge and achieving financial goals.*

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# Generational Planning: What Do You See?

**I**t is time to start asking some very important questions. Mr. and Mrs. Client, what do you see in your financial future? More important, what don't you see? In life most accidents and lost opportunities are the result of things we don't see. The barriers in our lives are the result of knowing only what we know and seeing only what we see. In order to move forward in your financial life, you must discover the things you don't see. The question is: How many opportunities have passed you by simply because you were not aware of them? Moving forward, you cannot do the same things over and over and expect different results. It may be time to redefine your planning process.

Just as important as asking these questions to a client, it is also important to ask the same questions to representatives in our industry. What do you see? What don't you see? In many cases the financial services industry trains representatives to see the product as the only solution. Although this training is important, it fails to answer the question, "What don't you see?"

## **The Core Elements**

If we are having the wrong discussions we may never find the right solutions. In trying to find the right solution for our client's financial future we need to help them discover the five core elements that will impact the results of their financial planning efforts. The five core elements are: Risk, Taxes, Government Regulations or Penalties, Inflation and Depreciation of the assets and money they own. Are we solving these problems our clients are facing? Let's ask them. Mr. and Mrs. Client, of these five elements which of these do you want in your financial future? Mr. and Mrs. Client, of these five elements which of these do you control? What do you see? Mr. and Mrs. Client, why are you being told by the financial services industry to put your money into things you don't want and don't control? Does overfunding your 401k solve the problem you face of Risk, Taxes, Regulation, Inflation and Depreciation?

### What Do You See?

It's one thing to be held up by someone wearing a mask and carrying a gun, it is another to simply give away your money unknowingly and unnecessarily. Both actions result in you losing your money. Just as you can tell a thief by his mask and his gun, you must learn to recognize the core elements in your financial life. Without the ability to identify the core elements, many Americans are led down a financial solution path that contains all of the elements they are trying to avoid. It would be nice if we could simply Risk our way to financial success. But for one moment, wouldn't it be eye opening if we could achieve the same financial results, with certainty, while at the same time overcoming the problems of Risk, Taxes, Regulations, Inflation and Depreciation? If it were possible, it would redefine the planning process.

### What Do You See?

Overcoming future financial challenges will be a much greater task than it has been in the past. Your financial health is centered on much more than simply trying to pick a winning stock or mutual fund. There is no one product that you can purchase that will solve all your financial problems. The solution comes when you understand that everything you own has financial value. When you discover that everything has value, then you can start to understand how you can use your assets as financial tools. These steps will help you create more options and opportunities in your life. Many people are mistaken that the only future dollars they have are their retirement plans and government programs. This is a very narrow approach to the problems you will be facing.

### What Don't You See?

The next financial crisis facing the average American is retirement shortfall and a lack of understanding of leverage—time leverage and money leverage. In a recent survey of working Americans, 51 percent believe they will receive an inheritance from their families that will supplement their retirement income by 20 to 40 percent. Even more disturbing is that 25 percent of the 51 percent are expecting this inheritance

to be 100 percent of their retirement income. Consider also that the average American age 55 has less than \$50,000 saved for retirement and their kids are following in the parents' footsteps. If this inheritance represents future income for family members, should we insure against the loss of this income? Shouldn't we be in the business of preserving the financial integrity of the family?

### Economic and Demographic Challenges Redefining the Planning Process

Traditional financial thinking relies on mathematical assumptions when planning for future results. The traditional planning thought process is centered around the compounding of money to reach future accumulation results. Compounding is a function of time. Also to achieve financial goals, traditional thinking uses a flawed formula of  $\text{time} \times \text{rate of return} \times \text{monetary unit} = \text{accumulation}$ . The only element in this formula that is precise is time. Accumulation is also a function of time, and future accumulation results will be impacted by risk, taxes, regulations, inflation and depreciation.

We are told by traditional planning to build our retirement brick by brick, day after day, in the hope of reaching a retirement goal. The problem is that many times the average person never finishes building and they run out of time. The difference between results they hoped for and what they ended up with becomes the problem.

What if we were able to create the client's retirement goal or number without the element of time? Look, we don't build a house adding a few bricks a day and then move into that house twenty years later when it is complete. You buy the finished house you want and then pay for it. You don't buy parts of a car and assemble a little bit of it each day in your garage, you buy a car completely assembled and then pay for it. Shouldn't we buy our complete retirement number first and then pay for it? This is the role of Generational Planning. It eliminates the problem of compounding, accumulation and time.

It's difficult to overcome the challenges that no one sees. Ask your clients, "How many of you are expecting an inheritance of \$500,000 to \$1 million?" Give them a

second to think and respond, then ask them, "Why not?" It's a simple question. The answer is, hardly anyone in the financial service industry is focusing on generational planning. Dedicated planners continue to do great work for their clients' immediate families and then fail to see the opportunities in discussing generational planning. It is my belief that due to economic challenges in the future, stagnant incomes, retirement shortfalls, healthcare costs, education costs, taxes, regulations, inflation, etc., that generational planning will become the hybrid planning process of the future. Failure to see the opportunity of generational planning is clearly a lost opportunity, not only for your clients but also for you as the planner.

In redefining the planning process during changing and challenging economic times, we will need to introduce new players to the financial solution process. Because of retirement shortfalls and the inability to save for the future, Time Leverage will become an important factor in the planning process. In the future it will be important to achieve financial goals in the least amount of time. To reach this goal it may be necessary to use someone else's time to get these results (Generational Planning). What is unique about this process is that you may encounter multiple premium payers seeking to reach a common goal—preserving the financial integrity of the family. Finally, in achieving the desired financial results it will take money leverage to accomplish this, using the least amount of money to create the most amount of wealth.

A new generation of planning is emerging. Family planning, generational planning and legacy planning overcome the challenges of the core elements of Risk, Taxes, Regulations, Inflation and Depreciation. With life insurance playing a key role in the leverage of the solution, younger generations are looking to preserve and enhance the value of the family, knowing someday the legacy is theirs. For the older members of the family it becomes the last gift of love they can offer the family.

You may discover you have been given a tremendous gift to create a family defined benefit that will change a family's financial structure far into the future. Now what do you see? 🌐