

Gathering information discussion questions



**Wealth
Management**

Welcome to RBC Wealth Management

Our objective today is to help you reach your financial goals through a variety of questions and planning techniques. Wealth management is crucial in planning for retirement and meeting the financial freedoms you desire. In order to discover and understand more about you and your family, we need to know about the following:

- Family dynamics
- Current financial situation
- Future goals
- Feelings and preferences

By knowing these four components of your life, we are able to make more knowledgeable recommendations that better suit your individual needs.

Ultimately my job is to stand in your shoes and understand the world from your perspective and offer advice accordingly.

Family dynamics

Parents

- Are your parents still with us? What are their ages?
- Do your parents have any health concerns?
- Could your parents become your (financial) dependents? Do we need to plan for that situation?
- Do you expect an inheritance? If yes, how much do you expect and when should we include it in the plan?

Children

- Do you have children?
 - How many children do you have? What are their names and dates of birth?
 - How are their relationships with one another — any issues that we should be concerned with?
 - Are any of your children married? If yes, what is the name of the spouse(s)?
 - Could any of your children become your dependent? If yes, do we need to plan for that situation?
 - Do any of your children have any special needs that we need to be aware of and consider part of our planning?
 - What kind of relationship do you have with your children and your children's spouses? Any concerns we should be aware of regarding their relationships?

Grandchildren

- Do you have any grandchildren? If yes, what are their names and dates of birth, and who are the parents?
- Tell me about your grandchildren and any concerns or thoughts you may have regarding them.
- Do any of your grandchildren have any special needs that we need to be aware of and consider part of our planning?
- Do you plan on funding college for any of your children or your grandchildren? If yes, we need to know how many, the name of the child/grandchild, their date(s) of

birth, the number of years you want to fund and the annual amount that the school(s) will cost.

- On average, the cost of a four-year college degree today is \$100,000–\$240,000.
- Is funding for education a priority at this point in time?

Other information

- Are there any others (i.e., siblings and friends), who could become financially dependent on you through illness or life circumstances?
- Is this a second marriage for either of you? If yes, what concerns do you have that we may need to plan for?

Current financial situation

Investments

It's important to have a good understanding of your investable assets for planning purposes. These include:

- Brokerage and bank accounts
- Company retirement plans — 401(k), 403(b), etc.
- IRA, SEP, SIMPLE, Roth
- Annuities
- UGMA, 529

Lifestyle assets

- Do you own a home or any other real estate? If so, what is the current value of your home or other properties? What year did you make the purchase?
- At the time, what was the cost of the investment?
- Are any of these properties rentals? If so, how much revenue after expenses do you receive?

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Business or businesses

- Do you own part or all of a business?
- If so, how long have you owned it? What is a rough estimate of the value of the company today?
- Do you own the building or property where the business is located? If yes, what is an estimate of the value of the building or property?
- What are your plans for the succession of the business if you choose to sell or if something should happen to you?

Life insurance

- What would you want for your family if you had died yesterday?
 - How much life insurance do you have?
 - What are the premiums?
 - What is the purpose of the insurance?
 - Who is the owner and who is the beneficiary?
- All we need is your latest statements from the insurance company.
- Generally, during key working years, you want to plan for seven to 10 times annual income.
- Do you know how the income and estate tax laws impact your current estate plan/insurance need?
- Have you ever considered or do you currently have long-term care insurance?
 - Net worth of \$200,000 to \$2,000,000 and ages 45–80 should consider long-term care insurance.

Disability insurance

- What would happen to other goals if you have to use your savings for a disability?
- If you became disabled today, would you have another way to provide for your family?
 - Should aim to replace 67% of pre-tax income.
 - Do you have disability insurance through work?
 - Do you have short- or long-term or both?

- Is there family money available?
- What savings would you use?

Liabilities

- Do you have any liabilities other than your mortgages? If yes, what type of liability? What is the current amount owed? What is the interest rate? When will it be fully paid off?

Savings

- How much do you save in your 401(k) or 403(b) or IRA, etc. each year?
- Up to how much does your company match your contributions?
- Do you have any 401(k)s or other retirement plans held at past employers?
- How much do you save each year in nonqualified accounts?
- Do you have any methods or strategies for picking investments? What research do you perform?

Future goals

Retirement

- Our definition of retirement age is “when work becomes optional.” What age would you like that to be?
- What does your dream retirement look like?
- How about volunteer work or hobbies?
- Would you like to spend a great deal of time with your children and grandchildren?
- Do you have aspirations to travel?
- Do you have any idea how much money you need during retirement?
 - A general rule is people need 75–80% of their current after-tax income after they retire, although it really depends a great deal on you.
 - How many years of retirement are you planning for?
 - Are you confident that you have (or may have) enough money to retire in the way you want for as long as you need?

Income in retirement

- Will you receive a pension? How much will you receive and when does it start? Will your pension increase with inflation each year?
- Do you have a Social Security estimate? If yes, mail it or fax it to us. If not, we can do an estimate but we need to know your current salary and when you will stop working in order to calculate the estimate.
- What other sources of income will you have in retirement that we did not talk about yet (inheritance, royalty income, etc.)?

Transferring wealth

- Do you have a will?
 - Seven out of 10 people die without a will.
 - Everyone has a distribution plan, they just may not have written it themselves (state intestate law determines distribution of assets).
 - A will helps ensure your assets are distributed according to your wishes.
 - A will can allow you to pass assets to charities.

Action: Consult with an attorney to draft a will.

- When did you last update your will or wills?
 - Industry experts agree, a will should be updated every three to five years.
 - Life events and tax law changes necessitate a review.

Action: Contact your wealth strategist to review the trust funding and disclaimer planning. Refer to an attorney if the will is outdated.

- Whom would you like to inherit your assets?
- How much would you like each person to inherit?
- Do you want to give any money to charity as part of your financial goals or estate planning goals?
- Do you know how the income and estate tax laws impact your current estate plan/insurance need?

- Whom do you want to act as a guardian of minor children?
 - Consider factors such as financial and physical health of potential guardians.
 - Consider having alternate choices.

Action: Clients with minor children should review guardianships.

- Whom do you want to administer your estate?
 - Consider the legal responsibility and time commitment of an executor.
 - Consider the psychological impact of naming one of multiple children.

Action: Consider all aspects, including professional executor.

- Do you have a list of how your personal property would pass to your heirs?
 - Creates fairness and avoids potential family conflicts.

Action: Create a separate memorandum and refer to it in the will.

- Are your beneficiary designations current?
 - These contractual agreements (i.e., life insurance, IRAs) pass assets outside of a will.
 - Unless the assets are accounted for, your estate plan may not meet your goals.

Action: Review beneficiary designations. Consider spouse as primary and children as contingent beneficiaries. Trusts should be used only when consulting with an attorney to make sure the trust can qualify to stretch the required minimum distributions after death and that they are necessary for family reasons.

- Do you have a pre- or postnuptial agreement?

- Nuptial agreements contractually allocate assets at marriage termination. They can be entered into before (prenuptial) or after (postnuptial) the marriage becomes legal.
- Nuptial agreements may impact the distribution of assets to surviving spouses.

Action: Collect copies of documents and add to estate file.

- Do you have a succession plan in place for your business?
- Do you have a durable power of attorney?
- Do you have a living will or health care directive?
- Do you have any employment contracts?
 - Employment contracts generally set the terms and period of employment but aren't commonly used outside of certain professions (i.e., athletes).
 - These contracts may provide additional estate benefits to be factored into your wealth management plans.

Action: Collect copies and add to estate file.

- Do you own any property jointly with anyone other than your spouse?
 - Property held jointly with non-spouses may have gift tax consequences and may circumvent your estate plan.

Action: Consult an attorney to review.

- Whom do you want to administer your trust(s)?
 - Trustees must meet significant legal and ethical standards.
 - Trustees are legally responsible for all aspects of the trust.

Action: Consider the benefits (continuity, experience, investments) of professional trustees.

- Are you or any family members the trustee or beneficiary of any trust(s)?
 - Professional trustees offer experience, objectivity, reliability and regulation.
 - Have you accounted for these trust benefits in your wealth management plans?

Action: Collect copies of trusts.

Feelings and preferences

Money attitudes, diversification and risk

- What does money mean to you?
- What do you want to have money for? What will you do with it?
- What do the terms “diversification” or “asset allocation” mean to you?
- How do you diversify your investments today?
- What was the best investment you have ever made? Why?
- What was the worst investment you have made? Why?
- Is there anything you learned from either of those investments?
- On a scale of 1–5, with 1 being very conservative and 5 being very aggressive, where would you place yourself in terms of willingness to take risk?