

Leaving a Legacy

By Earl Wright



A guide for using
your wealth to make
a difference in your
family, community,
and world

How will I be remembered?

What kind of legacy am I creating?

*How do we help the grandchildren
understand that past generations
created opportunities for us all?*

*Will future generations carry on or
even value our family traditions?*

*Does our family really have a
legacy to build on?*

Over my nearly 50 years counseling individuals and families, I regularly heard questions like those above. They often catalyzed emotional discussions about personal values and aspirations—and about how to deploy excess wealth accumulated in one's lifetime to manifest one's intentions.

I believe that legacy, in large part, *is* how you are remembered. It is what you do and how you make others feel. It can be as simple as the memories you leave behind of the lives you touched and the people you helped. Or perhaps it's the college-education fund you set up for your grandkids and great-grandchildren. Or it might be a museum you endowed or a political cause you backed. Or it can be all the above—and much more.

Defining your legacy is ultimately up to you. It is a highly individual endeavor, one that requires reflection and self-knowledge. You can look to others for inspiration, yet a legacy that is satisfying to you will align with your unique values and priorities.

I recommend that wherever you are on life's journey, start thinking about your legacy as a tangible asset that you can cultivate. No matter how old you are or how much wealth you have, developing a legacy involves choices and making decisions—sometimes hard ones.

What roles do you play? What activities do you cherish? What's important to you? Who would you want to benefit?

If you mapped your current satisfaction level and future goals for life dimensions like family, career, community, health, wealth, and hobbies, you'll likely realize that what makes you happy may be unique to you. And that is what makes designing your legacy so important—and so challenging, for some.

I encourage you to set a *mark on the wall*, a financial goal that you want to achieve to ensure your financial security through your life and to potentially generate excess capital to invest in the people and causes most important to you. For basketball players, a mark on the wall represents how high they want to jump. They train and constantly practice, trying to touch that spot. Your *mark on the wall* is your future wealth which becomes the tool for you to realize your aspirations. It will require a certain level of financial and career success to achieve it.

Legacy Building Across Life Phases

For many, it's comforting to conceptualize a legacy as something that is built progressively over one's lifetime. The core components of a legacy are how you develop and deploy your Time, Talent, and Treasure. With financial planning aligned to reach your *mark on the wall*, you'll accumulate the resources to grow all three over time.

FIGURE 1: Legacy Building Across Life Phases

The Typical Five Phases of Financial Life

1

Starting Life

20s–30s

- Getting education
- Laying career foundation
- Not many calls on time yet
- Balancing lifestyle today vs. tomorrow

2

Maturing

30s–40s

- Career advancing
- Raising children, planning for their education
- Caring for aging parents
- Accumulating wealth

3

Milestone

50s–60s

- Career at peak earnings, maximizing wealth
- Planning for wealth transfer tax liabilities
- Posturing for post-work roles

4

Retirement

60s–70s

- Transitioning to retirement income
- Living out priorities and values
- Transferring excess wealth in most productive way

5

Before Death

- Document intentions
- Prepare beneficiaries
- Create governance structures
- Designate professional resources

Source: AMG National Trust

Phase One involves pouring a solid career foundation. The concrete base of your life needs to be structurally sound. The early choices you make are legacy starters. How much education do I need? Do I go to college? Where? When do I get married? What's my first real job? Do I start a business? How much do I plan for tomorrow versus prioritizing my current lifestyle? Each decision impacts other choices you will face later in life.

Phase Two comprises nailing down the framework of financial success. It can take decades of hard work to achieve the experience and expertise necessary to start accumulating wealth in your chosen profession or career. Success often brings new choices, such as: How do I best exercise my stock options? How do I invest my company's growing profit stream? Corporate executives and entrepreneurs often discover that financial counseling and developing a personal financial strategy is important in answering these questions and many more.

Phase Three entails performing the detailed finish work on your career and life, determining how best to use your accumulated wealth. First and foremost, most folks want the financial security to maintain their lifestyles throughout retirement. Sometimes, financial success means having just enough to be comfortable and enjoy life's final chapter. But many AMG clients discover they have jumped way higher than their mark on the wall, achieving financial success far beyond their expectations. They face choices and decisions they never expected. Who gets all this money after I'm gone? My children? My grandchildren? Do they even need the money? Who does need the money? Do I give some or all my wealth to a charity or other causes I care about? Do I set up trust funds? Endowments? What are the tax implications of all of this?

Wherever you are on your journey, we at AMG understand your concerns and can assist in your decision-making process. We help you build the wealth you are capable of and also use it in the way that best reflects your life goals.

Your Deeds Are Your Legacy

Living your values and overseeing wealth transfer during your lifetime

Corporate success allowed Sidney* to take early retirement, at 58. Under this CEO's watch, the company had grown from a respectable U.S. enterprise into a dynamic, international industrial-products provider. Cash-incentive awards and stock options had created enough financial security to stop working and afford a dream retirement home awash with natural beauty. Thanks to Sidney and his spouse, all their children had attended top-notch schools and graduated debt free. Grandchildren were on the way. There would even be excess wealth to help the kids further—and spoil the grandkids.

Sidney's excess wealth endowed college funds for the youngest generation and occasionally provided financial assistance for other family members starting a business or changing careers. It was never a concern that the money be repaid, only that it be used wisely.

Sidney loved learning about everything, and in retirement became consumed in a national issue-oriented organization and cause. Hours of hands-on volunteering inspired many others to

Continued on Page 3

Laying the Foundation – Phase I

Decisions early in adulthood and into mid-career years are important because they help determine the financial road map for your future, and lead to a cascading series of new choices. How much of my earnings should I save? Do I sign up for a 401k? Do I build a financial safety net against unforeseen events, like losing my job? What lifestyle should I have? When do I start a family?

I've worked with many families who tell me that the accomplishments of their parents and ancestors were inspiration to them. The values imparted by these previous generations were important in laying the foundation for their education and careers, providing the kindling to fire their own legacy. An event or personal story may inspire them to achieve success, however they define it. Common threads I see in successful families are fostering education, thriftiness, a strong work ethic, community, and faith.

Early in your career, your key asset is Time. You don't have many external demands on it yet. You have the time to experiment, to try new things, to pivot and be brave. Gaining self-awareness early and charting a path aligned with your individual needs and desires can yield exponential future benefits.

Your Deeds Are Your Legacy

Continued from Page 2

join, resulting in an even more effective organization that achieved its national goals.

Sidney didn't put together plans to pass wealth to the next generation after his death. His objective was to leave it all on life's playing field by financially supporting family during his life in "what mattered to them" and showing by his engagement in causes that inspired others that deeds do matter. They are your legacy.

**Alias*

Making a Lasting Difference

Donor-advised funds transfer values, priorities, and wealth beyond one's lifetime

Harris* and his spouse Miriam* were a career-oriented, powerful team. We got to know Harris as he built his career at a medium-sized international company in the metals industry. He was promoted to lead a strong corporate team during his final decade and helped mold the company into a global powerhouse. The company's exceptional performance rewarded Harris with milestone bonuses, stock options, and restricted performance shares that exceeded Harris' most optimistic early-career forecasts.

At 65, he and Miriam were both in good health and ready to move into the retirement phase of their life. They had accumulated exceptional wealth, which AMG helped them manage, and were eager to live out their days in comfort while giving back to their community.

They loved where they lived and didn't want a retirement home. The kids were grown and prospering. They decided to direct the bulk of their wealth to fund trusts for their children and grandchildren with the intent of making their financial

Continued on Page 4

Nailing Down Your Career – Phase II

Most legacy builders share similar traits when they enter the second phase in their mid to late careers. This is when many begin to see the benefits of compounding, when their wealth begins to substantially grow. The financial decisions made in the beginning of their careers are starting to pay dividends. Their 401k is building. Their earnings are rising, and lucrative incentives await via bonuses and/or stock award programs that are offered as they advance or are promoted.

It's also when life becomes more complicated, typically. Their careers may be accelerating, and they are focused on succeeding, developing their Talents. Yet their Time and Treasure are often being allocated toward caring for young children and aging parents.

As this second phase unfolds, there are a new round of key decisions. Do I take on a higher standard of living? Do I move to a new neighborhood? Do I send the kids to private schools? Do I save for college educations? If so, how much? Will my parents be able to age in their home? Will they need my help?

These are essential questions. And they require a thoughtful, thorough analysis of your salary, incentive plan, and stock-award programs. Spending too much today has harsh financial ramifications later.

An impartial wealth advisor can tell you how much you should be personally saving and investing, and at what expected return to sustain your lifestyle through your career and into retirement. This is a math problem AMG solves for clients all the time. You define a lifestyle, or a series of them to choose from. We do the financial calculations, play with the impact of inflation, and voilà—you have a retirement net worth goal that would satisfy each lifestyle scenario. Just as importantly, it gives

Making a Lasting Difference

Continued from Page 3

lives easier but not interrupt their motivation for career achievement. The remainder of their wealth would go toward charitable causes.

They had set up a donor-advised charitable foundation and funded it during Harris' final few working years using various tax-planning techniques. The charitable funds continued to grow to a considerable size, while the couple saved on income taxes.

The foundation was an eye-opener, showing Harris and Miriam that their wealth could make a significant difference in many ways. They started quietly researching the needs of institutions that they loved and admired. A large, specifically focused gift to a liberal-arts college changed its future, and the donation prompted others to do the same, creating a multiplier effect. Public-policy concerns troubled the couple, so they funded academic research into issues and used philanthropy to impact policy. They boldly backed community organizations that showed great promise but hadn't necessarily made a great impact—until receiving the gifts.

Harris and Miriam's legacy of service in their community and gifts to family members and causes dear to them will make a difference for generations.

**Alias*



you current spending guardrails, which help avoid the unintended consequences of ending up with mid-career financial obligations that can trim your future financial security.

Finishing Work – Phase III

The 10 to 15 years leading up to your planned retirement are key. There's not much wiggle room to make mistakes as any lost earnings won't have much time to recover. It's also the time when you can posture for post-work roles that align with your aspirations, e.g., serving on community institutions and/or corporate boards. It's also when solid planning for your transition from peak earnings to wealth decumulation can help to minimize surprises and tax liabilities.

I believe that retirement should not be just a financial decision. Ideally, by this time you have reached your *mark on the wall*—and with your health and mental acuity intact. You may have more Time as empty nesters, have developed the Talent to be increasingly noticed at work and within your community, and are likely reaching peak Treasure.

You have the good fortune of having choices available to you. Even to continue working, should you so enjoy. I find that many of my clients who have built a sound financial house now take the time to do the finishing work on their legacy. They stop work to spend more time with family, pursue other interests, or tackle new challenges.

In fact, many of my clients have benefited so much from their career success and careful planning that they discover they have more than they need to fund their retirement lifestyle and goals—some far, far more.

Excess net worth usually ignites a cavalcade of new questions. What do I do with this wealth? What do my children and grandchildren need right now? Do other relatives need assistance? Should I donate more money? Who should get my wealth when I die? My kids? Grandkids? Charities? Causes?

Careful consideration of questions such as these can burnish your legacy. Sharing your wealth in the most productive ways possible demonstrates to future generations what's important to you and does so with the least negative consequences on those you are seeking to help.

My clients have tended to focus on their key relationships first and then causes for which they are especially passionate.

- **Children and grandchildren.** Supporting your offspring can create opportunities not normally realized. Identifying what you will help them with is a statement of your values. For example, paying for education says this is vitally important because it sparks career opportunities and might ignite a passion.

Other popular family-support ideas include purchasing vacation homes for use by immediate family members, funding down payments on homes, taking the entire family on vacations that they couldn't normally afford, paying for sports and cultural camps for grandkids, and covering childcare or special-needs costs.

Doing so says “children and grandchildren are my first priority in sharing my good fortune.”

- **Extended family.** A sister has lost her job. A niece has special-education needs. A brother-in-law has unexpected medical or legal expenses. A cousin needs a loan to buy a car.

The challenge is to avoid becoming the family ATM while sending the message “I help my extended family whenever possible.”

- **Charities and causes.** Reviewing current philanthropic commitments and interests, and then deciding whether to increase giving or set up long-term charitable foundations as part of an estate. Heirs are often involved in the creation and guidance of family foundations, helping ensure their continuation and success. Others choose to make larger one-time gifts that can make a difference in the community by jump-starting a program, initiating a fundraising drive, or boosting a capital campaign. Oftentimes donors discover new potential recipients for their generosity. This happens when they re-examine how they became successful and who had an impact on their lives. It becomes a way of saying thanks to a university, a hospital or service organizations like Rotary Club.

In doing so, you are saying “I believe in giving back and continuing to build a better community through your organization.”

Beyond Your Life

Planning to pass wealth on after you’re gone is even more complicated than sharing it in the here and now. When sorting through this issue, you need to determine: How much do you want to leave to your heirs? How many generations could your wealth benefit? Do you even want to help those generations, or should you leave the money to charity where it can benefit countless others?



If there’s one thing I’ve learned over my nearly 50 years of counseling families, some of immense wealth, it is that communication is key.

The sums you leave to your heirs and other beneficiaries will determine how much you need to prepare them. Generally, the bigger the inheritance, the more preparation is required. Unexpected wealth can disrupt. Recipients need to understand how to responsibly manage a financial windfall that could bring significant changes—from lifestyles to investments to tax liabilities.

A Legacy for Us All

Transferring intellectual property and a business

As entrepreneurs and scientists, Sophia and Raphael* had a strong sense of right and wrong, and what hard work could accomplish. They built one of those great American companies that no one hears about, but everyone benefits from. From exploring the far reaches of space to protecting our country, their advanced space technology is some of the most sought after in the world.

Education was the cornerstone of their success, they believed. Raphael benefited from advanced scientific research at a university with world renowned scientists in his space science specialty. Sophia had business training and partnered with Raphael to build one of the nation’s most elite private high-tech companies.

For years, the firm plowed all its profits back into research. The company assembled a talented and dedicated team of scientists and researchers. In their 70s, Sophia and Raphael found themselves with a key question to answer: “We have no children or heirs, so what do we do with this business and technology we’ve created?” they asked.

Astute personal investing along with taking full advantage of their company’s 401k plan gave them far more than enough for retirement, so they made some very big decisions.

First, they chose to continue their careers. They were healthy, enjoyed their lifestyle and Raphael was still active in developing innovative and exciting space technology. Second, they rewarded their talented management and research teams by transferring company ownership to them. Finally, they endowed an academic chair at the beloved university department where Raphael started his research career.

Sophia and Raphael life’s work continues on in the successful teams they built and rewarded, and in the endowment they created to inspire the next generations of exceptional scientific talent to follow in their footsteps.

**Alias*

Teach Your Children Well

Communication and careful planning constructively prepare next generations

Jacob* worked quietly and effectively in various corporate enterprises, and raising a family with his wife Leah*. They moved several times to further Jacob's career. Their lives revolved around their kids' activities, helping them build community in each city. After some fits and starts, Jacob, almost by accident, he humbly liked to say, found himself in the CEO chair. For the last 10 years of his career, Jacob helmed a well-managed consumer-products company just as the firm was transitioning into new brands. That was his skill set, and he showed his value quickly. The company boomed and Jacob, his seasoned executive team, and stockholders were handsomely rewarded.

At age 65, Jacob retired. He and Leah knew they were financially blessed beyond their wildest dreams. With the children grown, preparing for retirement meant defining the lifestyle they wanted and how it fit with their family's needs and desires.

The couple bought homes in two ideal vacation areas and split time between them, offering an enticing draw for family and friends to visit. AMG helped Jacob and Leah create a donor-advised foundation through which they taught philanthropy as a family mission. Parents and children discussed how to donate wisely and effectively, how to make a difference, if possible, or just support a cause. Each knew what the other was doing, why, and what results were produced.

The experience showed Jake and Leah that their offspring wanted to do as much good in the world as they did, so the parents decided the kids would inherit nearly all the estate. Nothing would go directly to charity beyond the money already in the foundation.

To prepare the next generation for their inheritance, AMG helped Jacob and Leah establish and guide a family partnership. The couple still had the final say, but the children had a stake in how the family wealth was managed. The kids were expected to pursue their careers while also learning the intricacies of wealth management and making the world a better place through their philanthropy.

After years of constructive communication and tutelage, Mom and Dad are confident the next generation is well prepared to wisely make a difference and pass on their family's legacy.

**Alias*

Intergenerational wealth is even trickier. This is money passed on to progeny not yet born whom you cannot personally prepare for the inheritance. When your estate can generate annual income for more than just your children, you need to envision how each subsequent generation will be impacted by your financial success. What governance structures should you put in place? For example, would you like a trust fund of \$5 million generating 8% a year in income and dividends to pay out all its earnings or just 3% (\$150,000) annually while contributing the other 5% to the principal? A formula such as the latter would allow the principal before taxes to quadruple every 28 years, or roughly every generation, and potentially offer an income source to your grandchildren, great-grandchildren, and beyond.

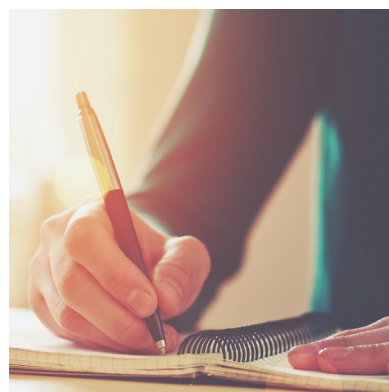
These are tough decisions to make. Yet the math can be powerful. AMG is experienced in analyzing each family's unique situation and helping create estate plans to address specific intergenerational objectives and concerns.

A Lasting Legacy

In the final analysis, creating a legacy that lasts and truly makes a difference involves more than just investment strategies, tax planning, and wealth distribution strategies. I believe that money is a tool, one that can be harnessed to also pass on your values—with your family, and when appropriate, the wider community. How you live your life and define your legacy tells future generations what was important to you. Hard work and conviction? Family and faith? Philanthropy and community service? Education and politics? Athletics and the arts? Creativity and bravery? Your priorities detail what made you who you are and what allowed you to succeed.

Stories in addition to financial resources can help pave the way for others to follow in your footsteps. How was the wealth created? Who was a part of it? Who helped you? What decisions did you make, good and bad? Was it all diligence and hard work, or were you lucky, too? What risks did you take? Were you prepared for them? Did you seize an opportunity? How did you recognize it? How did your values contribute to key decisions?

Most importantly, write it down, record it—share your legacy.



**To schedule a free consultation with an
AMG Wealth Advisor call 303.486.2959.**

Earl L. Wright

Earl Wright co-founded AMG with Dr. Michael Bergmann over forty years ago and currently serves as Chairman of the Board of Directors.

Earl has been honored as a “Master in Profession” from his undergraduate alma mater, the University of Nebraska at Lincoln, and served as an academic advisor in the development of the Masters in Finance program at the University of Denver.



Earl has a long history of community leadership in Colorado and across the country, including:

- University of Colorado Boulder, Member of Strategic Advisory Committee, CU Global Ambassadors, and Selection Committee for CU Visiting Chair on Conservative Thought & Policy
- University of Nebraska Foundation, Board Member
- Common Sense Policy Roundtable, Co-Founder and Chairman of the Board
- Zenon C.R. Hansen Foundation, Board Secretary & Treasurer
- Rotary Club of Denver, Member and Recipient of 2010 Exceptional Community Service Award
- Taiga Biotechnologies, Board Member
- Doane University Board of Trustees, Past Board Member (23 years)
- University of Colorado Boulder Graduate School Advisory Board, Past Chairman
- University of Colorado Foundation, Past Board Member, Trustee and Chairman of Investment Policy Committee
- Boy Scouts of America – Denver Area Council, Past Chairman Emeritus
- Junior Achievement – Columbus, Past Board Treasurer
- Nichols Institute (now Quest Diagnostics), Past Board Member
- SuperFoods, Past Board Member

Earl received his MBA degree from the Wharton School at the University of Pennsylvania and his undergraduate degree from the University of Nebraska at Lincoln.

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AMG helps executives, high net worth individuals, business owners, and institutions discover a better way to wealth. We work closely with you to develop integrated financial solutions customized to your unique goals and backed by our insightful research, thoughtful innovation, and decades of experience. Capitalize on your opportunities with a knowledgeable partner focused on your vision and your success.

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