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CONFERENCE FOR AFRICAN AMERICAN FINANCIAL SERVICES PROFESSIONALS
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Financial Planning

Seeing the Big Picture

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Why Are We Here ?

- To investigate a different service model
- To look critically at your career choice
- To share in an open discussion that will bring clarity to a often misunderstood profession

The Business Case

- **75% of consultative advisors earn over \$150,000** versus 23% of product-focused producers.
- **Life insurance premiums** sold by planners are **more than double those of non-planners.**
- “Financial Planner” is rated as **one of the most desirable careers in the United States**, according to the “Jobs Rated Almanac.”
- In a recent “Quality of Life” survey sponsored by the CFP® Board, financial planning professionals cited **independence and flexibility, a desire to work in an industry where they can have a positive effect on people’s lives, and an opportunity to earn a potentially substantial income** as top reasons for choosing their careers.

The Business Case

- Senior management: (Joyce V. Gordon/Vice President MetLife Financial Solutions group and Steve Houlihan, Vice President Enterprise Financial Planning) of MetLife report that in 2007

“ Financial Planners earned 72% more FYGDC than non Financial Planners. And Senior Financial Planners earned a staggering 250% more than non-Financial Planners.” [\[1\]](#)

[\[1\]](#) Reported In Planning For Life MetLife Enterprise Financial Planning Newsletter February 2008

Financial Planning What is it?

- A service delivery system that provides a unique and powerful role in today's society
- A profession established when the first person became cross-licensed-- with both securities and an insurance licenses
- A relatively young profession, financial planning emerged as a unique discipline about 30 years ago.. A financial planner takes a "big picture view".

Planning Pyramid



The “Textbook” Definition

Financial Position

- Cash reserve levels
- Cash reserve strategies
- Debt mgmt
- Cash flow management
- Net worth
- Discretionary income
- Expected large inflow/outflow
- Lines of credit

Risk Management

- Life Insurance
- Disability options
- Long-term care – timing/prem/coverage
- Umbrella liability
- Medical/Health
- Property & casualty
- Deductibles vs cash reserves
- Policy status
- Policy loans
- Beneficiary designations
- Special needs situations
- Alternate/add'l coverage strategies

Wealth Accumulation

- Asset allocation
- Education planning
- Lump-sum accumulation
- Options/restricted stock,/non-qualified deferred compensation
- Ongoing investment fees
- Risk tolerance
- Tax implications
- Cost basis
- Timeframes
- Diversification strategies
- Dollar-cost averaging
- Market timing issues

Tax Planning

- Tax reduction
- Tax deferral
- Tax avoidance
- Future taxes due
- Withholding
- Tax diversification
- Qualified investments
- Non-qualified investments
- Effects of liquidation
- Filing status
- Business ownership
- Non-traditional ownership

Retirement Planning

- Minimum distributions
- Pre-59 ½ strategies
- 401Ks
- IRAs
- Medicare/Medigap
- Social security
- Roth conversions
- Income streams
- Income streams--transitions
- Health care
- Tax transitions
- Risk tolerance transition
- Timing issues

Estate Planning

- Estate balancing
- Capital transfer
- Asset ownership
- Trusts
- Wills
- Trust funding
- IRD
- Succession planning
- Special needs dependents
- Minor children
- Generation skipping
- Short-term life expectancies
- Estate liquidity



The Big Picture

- The essence of Financial Planning is to provide answers and services within the context of the client's own special situation.
- It is to “be there” for the client when financial issues arise, to answer the questions that cannot be answered anywhere else

The Big Picture

- Financial Planning Process:
 - A holistic & comprehensive approach to personal financial advice
 - Involves a number of professionals
 - The Financial Planner typically plays the central role focusing on the overall plan, coordinating the activities of other professionals involved in the process

Why the Team Approach?

- ***Realize that “No one is an Island” [1] and a “Rising Tide lifts all Boats” [2] ...***

[1] Taken from ‘No Man Is an Island Traditional/ Ingemar Olsson

[2] The aphorism is said to be coined by Irish Taoiseach Sea’n Lemass

Financial Planning Team Approach

- Financial Planning Process can and “should” involve a number of Professionals
- Members of the Team
 - Accountants or Tax Attorneys
 - Estate Planning Attorneys
 - Insurance Professionals
 - Investment Advisors
 - Bank or Trust Officers

Transitioning Your Practice

- Different ways to approach your client
 - Holistic, fee based planning
 - Situational planning
- Financial Planning takes time and patience

How Do I Get There ?

- Enroll in a Financial Planning education program
- Approach all new prospects on an advisory basis
- Read what the best planners read
- Create a personal Marketing and “Branding” plan
- Find a Financial Planner with whom you would like to work/intern -- draft a business plan that addresses how you can add value to their practice...and then present it to him or her!!

References

- Financial Planning – Helping you see the Big Picture Forfield Inc.
- The New Financial Advisor , Nick Murray
- To Think Like a CFP[®] By Richard B. Wagner, J.D., CFP First appeared in the January 1990 Issue of the Journal for Financial Planning
- Proactive Steps to Break Into the Financial Planning Profession, taken from www.fpnet.org, Career Steps.

The People Have Spoken

- Survey after survey details that “Today’s” Clients want the advantage of working with a collection of Specialists centrally grouped and interacting to bring to them the “best” solutions to their individual concerns and needs.
- They want “Teams”--- not Individuals trying to be all things.
- The Financial Planner is the Central component of the team

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Evaluations

Please take a few moments to complete the evaluation for this workshop.

We appreciate and value your feedback.

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Thank you.