



MARY AND ED

Profile Backstory

By Steve Gresham

A high-net-worth couple looking for both protection and tax efficiency in their relationship “do-over”

Whoever said you can’t go around twice in life hasn’t met Mary and Ed.

Once young professionals embarking on their careers, the couple became invested in their jobs and drifted apart—eventually going their separate ways. Both married and Mary had a daughter—now an adult with her own family.

Mary and Ed are successful professionals and both say they prioritized their careers at the expense of family and friends—and didn’t take much time to enjoy their financial success. Both also share openly that they regret their separate marriages ended in divorce.

But the fates intervened a few years ago when a mutual friend reconnected the two and they soon rekindled their romance. Mary and Ed say they are lucky to give their relationship a “do over.” Mary says she’s keeping her prize possession—a vintage red Corvette and Ed is equally committed to his Harley, which he rides on weekends with a group in the Northern California hills.

The couple not only drive differently on the road, they take separate routes with their money. Each has a financial advisor and though their investment styles are not the same they are complementary. “Just like our personalities!,” shares Ed.

Mary invests for herself as well as her daughter, for whom she has a trust. As a result of her divorce—requiring her to pay alimony to her former husband—she is focused on protection and security.

She has shared her approach with her daughter, who is also now well aware of the financial issues of relationships. Mary has invested via managed accounts for total return but has also emphasized protection strategies for premature death and disability. She is keenly focused on risk/reward.

Ed likes to invest directly and has had success selecting individual investments—mostly stocks. He has been fairly aggressive in his retirement account with funds favoring growth over income.

Though they are maintaining separate accounts and advisors, Mary and Ed are working together to plan their future. They have some new objectives that require some adjustments to their combined assets and investment strategies. They have taken input from their advisors and shared their plans with both professionals.

The most important changes to their current investments have been to establish “safety nets” for the longer term risks they both face. While they have sufficient assets to ensure a healthy retirement paycheck—\$5 million—they want to leverage their cash to more efficiently mitigate the risks associated with healthcare costs and longevity.

Mary has been the more protective of the two thus far. She has been funding her daughter's trust with life insurance. Mary's advisor initially resisted Mary's concerns about security in retirement and providing for income only from her portfolio, which he told her was adequate for her expected retirement duration. Mary's best friend introduced Mary to her advisor, who recommended allocating some of Mary's total return portfolio to be more “protective.” Specifically, she suggested increasing the level of protected income and adding guarantees for more protection against her premature death. In addition, she provided ideas for funding long-term care. Mary's response, “I liked her focus on protection instead of just investing. It just seemed to me she is looking at a broader set of options for my investment dollars.” Mary moved most of her accounts to the new advisor.

Ed has also prepared changes. Without any direct heirs, he had never engaged in estate planning and has now the draft of a plan benefiting Mary and his sister. As a result of Mary's insights, he is also considering life insurance as well as long-term care. He heard about QLAC from a friend and had a subsequent conversation with Mary's new advisor. While Mary has been especially interested in “protection,” Ed sees some of the protection strategies—like the QLAC—as part of improving his overall tax efficiency. Like many (most?) high-net-worth clients, Ed does not like taxes.

Because he has long been a self-directed investor, Ed was never very close with his financial advisor. His advisor gave up providing ideas and even the potential for formal financial planning. Ed says he never wanted to take the time involved. His advisor recently retired (they were college pals) and Ed's account has been transferred to a younger man Ed has not met. Mary jokes, “Why don't we introduce your advisor to mine?” Mary's advisor is a woman.

Though they are not the same investor, Mary and Ed together fit the profile of “Ambitious Risk Takers” (ARTs) researched by the Alliance for Lifetime Income. ARTs are financially well off and are comfortable with investments. They understand the trade offs among investment strategies and are very conscious of inflation and taxes.

Like many of their age contemporaries in the Boomer generation, Mary and Ed want to spend less time working and less time managing their money. They want to optimize their investments to pay reliable income, reduce taxes and offset unknown but potentially significant costs. “We have our ambitious money and our protection money,” Mary explains, right on cue.

Many advisors might overlook Mary and Ed. On paper they each looked “all set” just a short time ago. But their retirement and their relationship have created the need for significant changes. In both cases for different reasons their existing advisors were not

the best fit for their new lives and the strategies appropriate for their new goals. And though everything is not yet settled in their lives, both Mary and Ed have strong opinions about what they want to do and realize they need help.

[Click here for more information about Mary and Ed](#)

The Alliance for Lifetime Income has identified through research six opportunities to better engage with clients, including tips for understanding the clients' current concerns about retirement, which may have changed since first working with their advisor.

[Click here for Personas resources and information](#)

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