

4-Legged Stool

By Senior Advisor, Lynnae Brown

When it comes to your finances, there are four different resources you typically need to shield and grow your current and future capital. These resources include a certified public accountant (CPA), an estate planning attorney, a risk-management specialist, and a financial advisor. When in sync, this team can provide a solid platform of expertise that you can leverage to attain financial stability. At Pathstone, we like to refer to this team as the “Four-Legged Stool,” where each of these four professionals serves as an individual leg supporting you and your family so that you have a level and steady seat to work from as you work towards your goals.

Your CPA acts as the tax expert who prepares your tax returns and calculates your estimated tax payments. They can also provide recommendations surrounding how to manage and reduce taxes. In addition, in partnership with your financial advisor and estate planning attorney, your CPA can provide valuable insight as you consider legacy gifting strategies.

An estate-planning attorney helps you manifest your goals for your assets by structuring a plan to accomplish those goals. An effective estate-planning attorney will ensure you have functional estate plans, including a will and/or revocable trust, powers of attorney for financial and health care decisions, and a health-care directive. In addition, they can provide the beneficiary language for your non-probate assets such as life insurance, annuities, and retirement plans. Your attorney is also an invaluable partner to assess and determine the best vehicles to successfully accomplish preserving, managing, and distributing your assets after your passing.

Risk-management specialists, often acting as an insurance broker, are also an important leg of the stool. Risk management specialists may work in the area of property/casualty, long term care, disability or life insurance. In each area, their expertise identifies ways to reduce your risk of loss, whether that’s insuring your life so your family has financial stability if you pass away or become disabled, or insuring property so it can be replaced in case of a loss or lawsuit.

On this team of four, the financial advisor acts as the “deep generalist.” This means that the advisor has attained knowledge of each of the three areas of tax planning, estate planning, and risk management to help advise you on potential next steps to accomplish your goals. The advisor can bring ideas for solving problems to you and then consult one or more of the three experts if needed to undertake the objective. The advisor essentially acts as the “quarterback” for the four-person team. They call the play and then pass the ball onto who can best accomplish the task while still supporting the development of that play. On top of being the quarterback, a financial advisor can also provide investment management services.

While you may be extremely familiar with each of the four legs of the stool, it is important to consider a few questions:

- Is my stool “out of balance” because one of these professionals is missing?
- Are the legs of my stool working together efficiently to give me the support I need?
- Do I need to change my thought-process surrounding what one of these resources can do for me?

To have the foundation you need to build and maintain your legacy, it is imperative that all four legs of the stool are in place and working together properly to support you on your path to success.

Disclosure

This communication and its content are for informational and educational purposes only and should not be used as the basis for any investment decision. The information contained herein is based on publicly available sources believed to be reliable but is not a representation, expressed or implied, as to its accuracy, completeness, or correctness. No information available through this communication is intended or should be construed as any advice, recommendation or endorsement from us as to any legal, tax, investment or other matters, nor shall be considered a solicitation or offer to buy or sell any security, future, option or other financial instrument or to offer or provide any investment advice or service to any person in any jurisdiction. Nothing contained in this communication constitutes investment advice or offers any opinion with respect to the suitability of any security, and this communication has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient. Past performance is no guarantee of future results.

Additional information and disclosure is available via our Form ADV, Part 2A, which is available upon request or at www.adviserinfo.sec.gov.