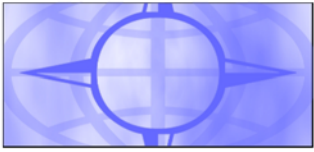


“Is Estate Planning part of Asset Allocation?”

François E. Aubert





Estate Planning & Asset Allocation

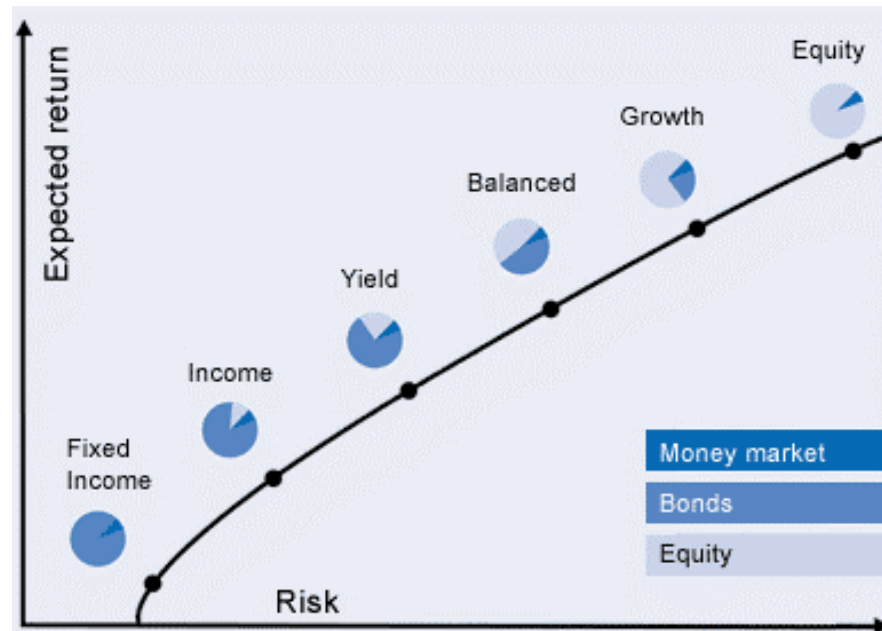
1. A couple of definitions
2. What is Estate Planning?
3. Does that fit into the Asset Allocation?
4. Closing comments



Two Broad Definitions

ASSET ALLOCATION

The process of dividing a portfolio among major asset categories such as bonds, stocks or cash. The purpose of asset allocation is to reduce risk by diversifying the portfolio.

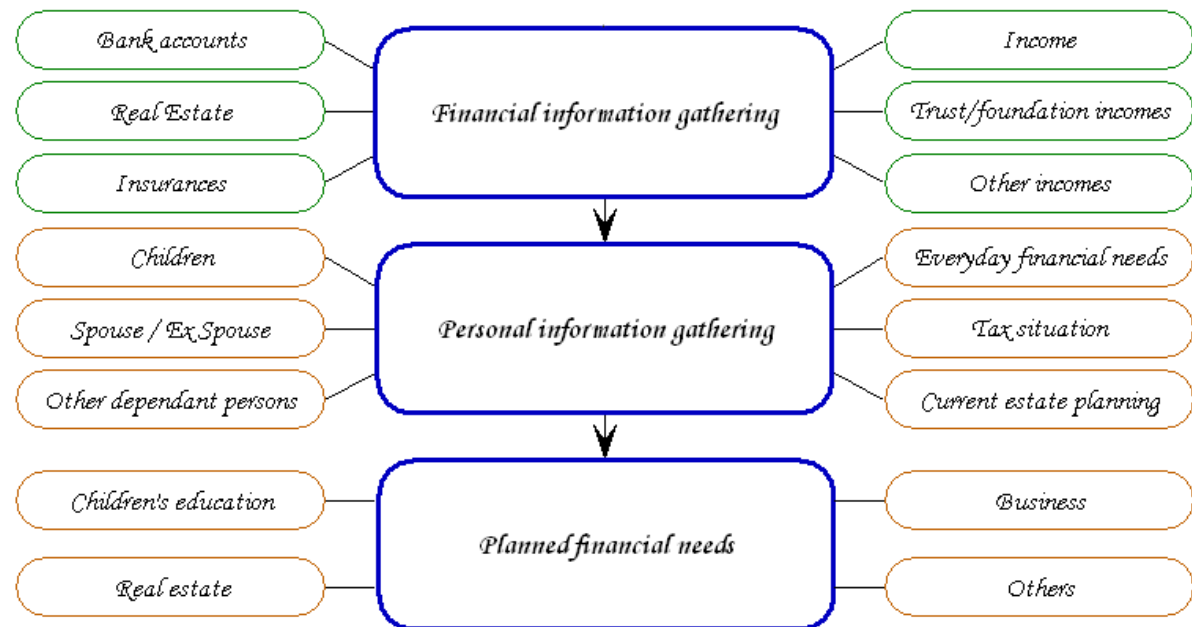




Two Broad Definitions

ESTATE PLANNING

The overall planning of a person's wealth, including the preparation of a will and the planning of taxes after the individual's death.





What are the connexions?

- Asset Allocation and Estate Planning are two processes
- Both are fundamentally important
- Both are based on similar input
- Anything else?
- Let's see now the differences...



Estate Planning & Asset Allocation

1. What do they have in common?
2. What is Estate Planning?
3. Does that fit into the Asset Allocation?
4. Closing comments



Estate Planning input

- Wealth analysis
 - Family situation
 - Financial assets
 - Real Estate holdings
 - Life Insurance policies
 - Companies holding
 - Liabilities
 - Other relevant information
- Geographical and legal constraints



Estate Planning is of course

- Wealth transmission
 - Trust
 - Family Foundation
 - Will
 - The Hague convention
 - Specific means for specific purposes
- Tax optimisation



But Estate Planning is also

- Retirement planning
 - When?
 - How?
 - What portion of my plan do I control?
- Saving for large expenses to come
 - Children education?
 - Business plans?
 - Second home, world tour, boat?



Estate Planning implies

- Bankers
- Lawyers
- Pension funds specialists
- Insurance specialists
- Real Estate specialists
- Tax specialists



Estate Planning & Asset Allocation

1. What do they have in common?
2. What is Estate Planning?
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Assets Allocation implies

The process of dividing a portfolio among major asset categories such as bonds, stocks or cash. The purpose of asset allocation is to reduce risk by diversifying the portfolio

- How many people are required?
 - Asset allocation committee
 - Financial Analysts
 - Portfolio managers
- Are they the same people as for Estate Planning?



Two different processes

- Estate Planning is about
 - Gathering all the relevant information about the client, financial and non financial
 - Organising the estate transmission
 - Planning the major financial needs
- Asset Allocation is about
 - Optimising the return on the bankable assets
 - Managing the risk to an acceptable level for the client (risk aversion)



Does these fit into it?

- Art
- Boat, cars, planes, ...
- Home and furnishings
- Jewellery and luxury goods
- Life Insurance Policies
- Succession



Estate Planning & Asset Allocation

1. What do they have in common?
2. What is Estate Planning?
3. Does that fit into the Asset Allocation?
4. Closing comments



Where to start?

- What happens if there is a mistake in the Assets Allocation?
- What happens if there is a mistake in the Estate Planning?
- Which one is tackling the global picture?



Incorporating the EP in the AA

- Possible in the USA?
 - For simple cases, yes
 - A single tax authority
 - Trust legal recognition
 - Professionals specifically trained
- Possible anywhere else in the world?
 - No, in most of the cases



Do it right!

- The client's needs that take into consideration his family, his business, his future and his children's future is the only possible first priority
- How to invest his assets comes only then
- Thank you!