



Wealth Planning Report

Time To *Stress Test* Your Wealth Planning?

One of the better ideas to take from the financial playbook of the highly affluent wealthy is working with trusted professionals to help manage your financial and lifestyle concerns.

But, as that wealthy group knows, you don't stop there. Periodically the financial advice you get—and the financial solutions you've relied on for years—need to be reassessed.

The highly affluent do this, and so should you. One reason: As your circumstances change, or the world we live in changes, plans and solutions you've relied on may no longer be appropriate or optimal for your needs, goals or dreams. "Life happens," as they say—and solutions that were a good fit ten years ago might need a serious update today.

That's where a technique known as **stress testing** could offer a highly positive impact on your financial outcome.

From piecemeal to comprehensive

A stress test can help you see whether the wealth management solutions you have in place are still aligned with your goals and objectives and still state of the art in changing times. Stress testing is a systematic approach to determine how existing wealth planning arrangements may hold up under different scenarios—and how reliably they may deliver expected outcomes.

There are two main reasons why the highly affluent conduct these stress tests from time to time:

- To avoid potentially destructive financial and legal situations.
- To ensure their wealth planning has considered newer and better opportunities.

Successful outcomes rarely happen by luck. Far too many approach their planning piecemeal. Also, your wealth planning efforts could need more than just fine-tuning. Concerns often get addressed without taking your overall situation into account. Then maybe two years later, you address another situation again without properly factoring in other aspects of your planning or your personal life.

Further, we frequently find little to no coordination among various professionals currently helping a family. In addition, there has been little or no coordination among various financial solutions acquired over the years. Because of the fragmented and disjointed nature of how many financial solutions have been put in place, generally the risk management or potential outcomes are not ideal.

Stress testing provides a holistic approach for individuals and families to see whether their hopes, goals and objectives have been addressed effectively and whether they are using the most appropriate, cost-effective and up-to-date solutions for the best planning outcomes.

The good news: The overall trend of democratization in financial services—which has brought once-exclusive solutions to more investors—has brought stress testing to a larger audience.

EXHIBIT 1
Why Stress Test?



Three action steps

Consider a stress test of your wealth planning when you become unsure that you are employing the right wealth management solutions—and you are concerned that:

- There may be material mistakes or omissions in your current wealth strategy.
- There may be improvement opportunities missing in that previous planning.

By stress testing specific aspects of your planning or, better, performing a complete review, you can confirm whether you are on target—or identify adjustments needed to get you back on the right track toward those goals you most want for your family and, of course, yourself.

To assure that your stress testing is done by the right professional, take these steps:

1. Seek out professionals knowledgeable in stress testing and its potential value. The financial professional you select should be able to explain stress testing and discuss its possible value for you. For starters, stress testing is not about buying particular financial service or products, nor does it necessarily result in making substantial changes to what you already have.

Instead, think of stress testing as much like a periodic physical checkup. You may not have medical concerns that you are aware of before going in for an examination. But you go because you want to identify hidden conditions that have not been discovered. That way, you can take action steps *before* those issues—that you previously didn't even know you had—become destructive.

2. Select professionals who are concerned with the *human element*. Stress testing considers whether your current solutions are suited for you based on your individual needs, wants and preferences. Therefore, a stress test considers personal and emotional traits before deciding what solutions likely are best. This *human element* considers what wealth management suggestions are within parameters that you should find desirable.

That means that any professional providing stress tests must understand your goals, hopes and values as a person, not just your financial statement or brokerage accounts. Developing an understanding often relies on an extended conversation where you share concerns as well as your wishes and dreams. CFP wealth

specialists will employ a systematic planning approach to gain insights into their clients' preferences and "connect the dots" based on those insights to identify and develop advantageous strategies aligned for their clients throughout the stress testing process.

3. Identify professionals who are competent and technically proficient. Although the human element is a key for success, it's not sufficient if those involved can't expertly evaluate all aspects of your existing situation and are not knowledgeable about potential alternatives—not only related to investing and insurance, but advanced tax and legal tools and techniques as well.

A competent and experienced professional knowledgeable about various strategies and products can help in the evaluation of sophisticated and complex investing strategies to determine how well they are working or likely to work, and how well they are aligned with your planning and expectations without legal or compliance issues. Wherever a specialist is needed, they can bring in an expert for more in-depth evaluations and advice.

Stress test your situation

You should consider stress testing your present financial, tax and legal strategies to determine if they're arranged to deliver the outcomes you hoped for—or to discover better alternatives.

The right wealth planning professional can give you greater peace of mind regarding your financial security for your family's future.

Disclosure: Tax laws are subject to change, affecting how a strategy may perform. Always consult with a competent and knowledgeable tax advisor.

This is an executive summary of our wealth management ebook.
For a complimentary copy of our complete report, please [contact us](#).



Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®, CFP® is a nationally recognized Wealth Management Certified Professional™ and Certified Financial Planner™ professional, written about in *Fortune*, *Forbes*, *Bloomberg Businessweek*, and *Money*. Paul is the co-author of *Retire Abundantly*. Reuters AdvisePoint once recognized Mr. Hill as one of 500 "Top Advisers" in the U.S. and featured him in an interview on their website.

Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first fiduciary planning firms that specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer acting in best interest of clients. He brings together a proven process and a network of specialists for making informed decisions for systematic strategies, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award, and featured him with others in *The Wall Street Journal* and other publications.

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