

What Are Your Biggest Financial Concerns?

It goes without saying that you play a crucial role in making the decisions that will determine whether you will achieve your financial dreams. That's why it makes sense to have great clarity about the specific financial issues and concerns that are most important to you and the people you care about. Only then can you take steps designed to address them.

In our experience—and supported by research—we find that affluent investors tend to share five major key concerns about their financial futures. Think about your own financial life as you review the following top concerns. You may have additional issues that are unique to your specific situation, but chances are that many (and maybe all) of these challenges are on your list.

Concern #1: Preserving wealth

The goal with wealth preservation is to produce the best possible investment returns consistent with your time frame and tolerance for taking investment risk. Preserving wealth throughout one's lifetime has become the single biggest financial issue that most of today's affluent investors face. Just ask yourself this question: How sure are you that you have, or will eventually have, the wealth that is required to meet your needs, reach your various goals and live the life you want?

A vast majority of affluent investors are asking themselves this very question. In one landmark study:

- Nearly 90 percent said that they were quite concerned about preserving their wealth.
- Nearly three-quarters of investors—71.5 percent—said that they worry about having enough money to last throughout their retirements.

What's more, we find that these issues have consistently been at the top of the list for the majority of affluent investors year in and year out.

Concern #2: Enhancing wealth

The affluent also tend to want to enhance their wealth by minimizing the tax impact on their financial picture. Tax mitigation has been a particularly important issue among the affluent in recent years, due to a great deal of discussion in Congress about increasing taxes on high earners and those with significant assets.

Obviously no one can be certain what the future holds when it comes to the government's decisions about tax rates and other aspects of the tax code. If you're ignoring the issue and waiting for 100 percent clarity, you'll probably be waiting a long time! Tax mitigation needs to be a key part of any financial plan for you and your family regardless of the political environment at any given moment in time.

Steven C. Jackson,
CWS®, CPFA, AIF®
Senior Vice President,
Branch
Financial Advisor

Steven C. Jackson, Jr., CFP®
Senior Vice President, Branch
Manager, Financial Advisor

Chalyda Dumayas,
FPQP®, CWP
Senior Registered
Financial Planning Associate



D | A | DAVIDSON

JACKSON FINANCIAL ADVISORS

Members of D.A. Davidson & Co. member SIPC

Three More Key Financial Concerns

Concern #3: Transferring wealth

Do you have a plan in place for passing your wealth on to family members, either now or down the road? If so, is it up to date and does it reflect current laws—as well as your family's current and future needs, goals and level of wealth?

It is very easy to ignore this crucial concern because addressing it requires asking yourself uncomfortable questions, such as how you want your assets to be distributed at death and when your heirs will receive an inheritance. But failing to ensure that your wealth goes exactly where you want it to go can lead to much greater discomfort later on and have serious ramifications on everything from your ability to help your family members achieve their goals (such as a college education) to the long-term success and sustainability of a family-owned business.

Concern #4: Protecting wealth

Affluent families don't just want to preserve their wealth against losses in the financial markets. They also seek to protect their assets from being unjustly taken from them by a catastrophic loss, potential creditors, litigants, ex-spouses and children's spouses, and even identity thieves.

This means that successful wealth management planning may also need to address wealth protection—controlling risks through business processes, employment agreements and legal forms of ownership.

Concern #5: Donating your wealth

Increasingly, affluent investors are looking outward beyond their own families to the world at large. For these investors, making meaningful gifts to charity in the most impactful way possible is becoming a key issue. Charitable giving comes with its own unique set of challenges—from selecting the appropriate means of giving to selecting causes and specific organizations that will have the biggest impact. Any gifting strategy you put in place should be set up for maximum effectiveness, of course. At the same time, however, you must ensure that your philanthropic objectives are in balance with your other key financial goals, such as retirement and the long-term financial security of your family.

Coordinating your response

Review the list of the top financial concerns. Compare them with your own list. You will probably agree that each one taken on its own is daunting enough. But when you face many of these challenges and possibly even all five, as is the case with many affluent investors, it can have a huge impact on your ability to achieve a secure, comfortable and meaningful life. That's because none of these five areas of concern stands in isolation from the rest. Wealth protection, for example, is often intertwined with wealth transfer needs. And charitable giving can often support goals in each of the other four areas.

Remember, all the key areas of your financial life are tied together in ways both large and small. Plotting out strategies for just one area at the expense of the others is therefore a recipe for suboptimal results. To be most effective, you need to deal with each area systematically while also taking an integrated approach to your overall financial picture at all times.

ACKNOWLEDGMENT: This article was published by the VFO Inner Circle, a global financial concierge group working with affluent individuals and families, and is distributed with its permission. Copyright 2023 by AES Nation, LLC. All rights reserved. The content does not necessarily reflect the expertise of the individual Financial Advisors, or the views of D.A. Davidson & Co. Neither the information nor any opinion in this publication constitutes investment or securities advice nor is it a solicitation or offer by D.A. Davidson or its affiliates to buy or sell any securities, options, or other financial instruments or provide any investment advice or service. Financial Advisors are available to discuss the ideas, strategies, products and services described herein, as well as the suitability and risks associated with them. D.A. Davidson & Co. does not provide tax or legal advice. Questions about the legal or tax implications of any of the products or concepts described should be directed to your accountant and/or attorney. D.A. Davidson & Co. is a full-service investment firm, member SIPC.

A digital copy of this Flash Report as well as our previous reports can be found at JacksonFinancialAdvisors.com