

# LIFE DRIVEN WEALTH MANAGEMENT

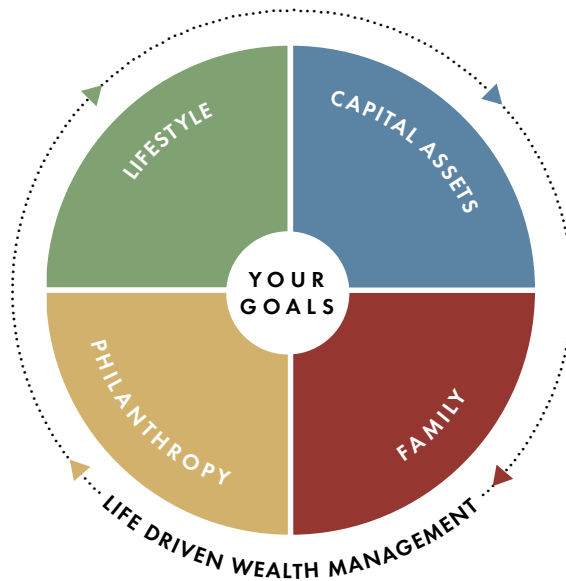
## A ROADMAP FOR WEALTH PLANNING

Managing the complexities of wealth can be a challenge. Let us help you translate your life goals into financial priorities.

Your life's goals are unique. The path you take to achieve them should be, too. Life Driven Wealth Management is our integrated advisory approach to helping you achieve your financial goals.

With your goals as our guide, we work with you to develop a dynamic wealth management plan focused on four key life stage objectives.

- Maintaining your current lifestyle
- Preparing for future expenditures
- Protecting your family's financial future
- Creating your philanthropic legacy



A Roadmap for Wealth Planning is designed to provide specific considerations and strategies as it relates to your overall wealth planning goals at each stage of life.

For additional information, please contact a Northern Trust representative or visit [northerntrust.com/lifegoals](https://northerntrust.com/lifegoals).



## A ROADMAP FOR WEALTH PLANNING

Age	Pivotal Years: Ages 25–39	Sandwich Generation: Ages 40–54	Maturing Years: Ages 55–65	Prime Time: Age 66+
Stage of Life	Independence	Interdependence	Renewal	Retirement
Key Situational Factors	Laying The Foundation	Balancing Act	Peak Productivity	Quality Of Life
<b>LIFESTYLE</b> <b>Maintaining your current lifestyle</b> <ul style="list-style-type: none"> <li>■ Hedging against market risk</li> <li>■ Maximizing your cash flow</li> <li>■ Having confidence that you will fully enjoy your retirement lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>■ Discuss financial plans with partner</li> <li>■ Plan for a long-term horizon, at least to age 90</li> <li>■ Strive to save 10–20% of income</li> <li>■ Maximize retirement plan contributions (e.g., 401(k) plans, IRAs, Roth IRAs)</li> <li>■ Gain an understanding of expenses and budget for an emergency fund to cover 6–12 month’s income</li> <li>■ Manage credit card and other debt to gain a good credit rating</li> <li>■ Minimize non-deductible debt</li> <li>■ Budget for child-raising expenses</li> <li>■ Balance long-term retirement funding with education funding</li> <li>■ Consider health savings accounts</li> <li>■ Establish a comprehensive insurance program including disability, health, life and personal liability coverage</li> <li>■ Couples should review and consolidate lifestyle financial plans</li> </ul>	<ul style="list-style-type: none"> <li>■ Analyze your balance sheet to confirm your financial position</li> <li>■ Align your cash flow with your debt commitments</li> <li>■ Seek tax-efficient investment strategies and wealth transfer planning</li> <li>■ Conduct ongoing portfolio monitoring and dynamic rebalancing as necessary</li> <li>■ Maximize employer-sponsored retirement plans (e.g., 401(k) plans, IRAs, Roth IRAs), including available catch-up contributions</li> <li>■ Determine target retirement age; begin retirement planning</li> <li>■ Discuss your parents’ cash flow needs and factor into your own plan</li> <li>■ Consider purchasing long-term care insurance for you and your parents</li> <li>■ Consider health savings accounts</li> <li>■ Review and update insurance program including disability, health, life and personal liability coverage</li> </ul>	<ul style="list-style-type: none"> <li>■ Begin to consider where you will retire; consider state income and estate taxes</li> <li>■ Get a customized retirement projection factoring in inflation, work plans during retirement, cost of healthcare and insurance coverage</li> <li>■ Make catch-up contributions to retirement plans</li> <li>■ Identify favorable deferral and distribution elections within various retirement plans</li> <li>■ Examine sources and stability of cash flow and adjust allocations appropriately</li> <li>■ Review asset allocations to stay ahead of inflation and taxes</li> <li>■ Diversify single stock exposure or other highly concentrated holdings</li> <li>■ Conduct ongoing portfolio monitoring and dynamic rebalancing based on your changing risk profile, as necessary</li> <li>■ Revisit and update all insurance coverage (e.g., life, medical care and long-term care insurance)</li> </ul>	<ul style="list-style-type: none"> <li>■ Reassess your complete financial situation</li> <li>■ Consider changing lifestyle and healthcare expenses during retirement</li> <li>■ Establish appropriate withdrawal amounts, factoring in inflation</li> <li>■ Continue to monitor and reallocate investments to maintain diversification</li> <li>■ Review insurance coverage and adjust as necessary</li> </ul>
<b>CAPITAL ASSETS</b> <b>Pursuing your next dream</b> <ul style="list-style-type: none"> <li>■ Purchasing a home or investment property</li> <li>■ Funding a major purchase</li> <li>■ Starting a new business or investing in a start-up</li> </ul>	<ul style="list-style-type: none"> <li>■ Conduct financial independence analysis</li> <li>■ Investigate financing alternatives for all major purchases</li> <li>■ Align debt structures with the characteristics of assets purchased</li> <li>■ Understand the tax implications of various types of funding in order to favorably manage debt</li> </ul>	<ul style="list-style-type: none"> <li>■ Take advantage of flexible financing for personal needs and business or investment opportunities: custom loans and lines of credit, specialized lending and equipment financing and leasing</li> <li>■ Use credit facilities strategically without disrupting asset management strategies</li> <li>■ Seek family business consulting, if appropriate</li> </ul>	<ul style="list-style-type: none"> <li>■ Decide what amount of debt is appropriate for you and investigate available financing alternatives</li> <li>■ Evaluate the pros and cons of eliminating debt</li> <li>■ Seek advantageous ownership structures and strategies for your illiquid investments (e.g., wealth transfer, premium financing, family business services, real estate and agricultural services)</li> </ul>	<ul style="list-style-type: none"> <li>■ Evaluate the pros and cons of eliminating debt</li> <li>■ Assess the capital impact of your long-term living arrangements</li> </ul>
<b>FAMILY</b> <b>Investing in your family’s future</b> <ul style="list-style-type: none"> <li>■ Providing a college education for children or grandchildren</li> <li>■ Transferring wealth to the next generation</li> <li>■ Educating your family about the responsibilities of wealth</li> </ul>	<ul style="list-style-type: none"> <li>■ Establish/implement premarital financial planning strategies</li> <li>■ Coordinate wealth transfer plans with spouse or partner</li> <li>■ Establish and periodically update will, directives to physicians, durable and healthcare powers of attorney</li> <li>■ Establish appropriate savings vehicles for children, nieces and nephews (e.g., UTMA’s)</li> <li>■ Begin education funding – consider 529 Plans</li> <li>■ Name a guardian for children</li> <li>■ Update beneficiary designations on retirement plans and life insurance policies for changes in family structure</li> </ul>	<ul style="list-style-type: none"> <li>■ Integrate your estate plan within your overall financial plan</li> <li>■ Update all estate planning documents, factoring in any changes to your family situation</li> <li>■ Discuss your parents’ estate and wealth transfer plans and adapt your own plan as needed</li> <li>■ Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating</li> <li>■ Help children purchase an investment vehicle and monitor its performance over time</li> <li>■ Begin multigenerational family education to share family values and prepare the next generation for living in wealth</li> <li>■ Maximize utilization of educational funds in the most tax-efficient manner</li> <li>■ Begin wealth transfer planning; make annual exclusion gifts</li> <li>■ Incorporate trusts for children into your estate plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Revisit and update will, directives to physicians, durable and healthcare powers of attorney, as necessary</li> <li>■ Revisit and update all estate planning documents, factoring in any changes to your family situation</li> <li>■ Consider establishing irrevocable life insurance trust and generation-skipping trust</li> <li>■ Discuss retirement plans with family and children</li> <li>■ Review accounts and transfer UTMA’s to adult children at majority</li> <li>■ Adult children should take advantage of employer 401(k) plans and/or set up an IRA or Roth IRA with automatic transfers</li> <li>■ Adult children should establish a will, directives to physicians and durable and healthcare powers of attorney</li> </ul>	<ul style="list-style-type: none"> <li>■ Implement wealth transfer plans to establish a family legacy</li> <li>■ Review and update estate planning documents to reflect your intentions</li> <li>■ Share wealth transfer plans with family and other beneficiaries</li> <li>■ Consider the emotional and financial benefits of establishing a funeral plan</li> <li>■ Support grandchildren, if appropriate</li> </ul>
<b>PHILANTHROPY</b> <b>Creating your philanthropic legacy</b> <ul style="list-style-type: none"> <li>■ Supporting causes you are passionate about through structured charitable giving</li> <li>■ Allocating wealth between charities and beneficiaries</li> <li>■ Creating a family charitable giving mission</li> </ul>	<ul style="list-style-type: none"> <li>■ Balance charitable giving with the financial needs of the family</li> <li>■ Involve your family in philanthropy through giving of your time and expertise</li> <li>■ Begin to develop your alliances with causes /charities of interest to you and your family</li> </ul>	<ul style="list-style-type: none"> <li>■ Help establish a mission that defines the family’s philanthropic intentions</li> <li>■ Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund</li> <li>■ Introduce children to personal giving, volunteering and fund raising</li> </ul>	<ul style="list-style-type: none"> <li>■ Share the family mission, values and history and the importance of charitable giving</li> <li>■ Engage the next generation in the family foundation, charitable giving strategies and volunteerism</li> <li>■ Consider creating a lifetime gifting strategy for family and/or charities</li> </ul>	<ul style="list-style-type: none"> <li>■ Implement lifetime gifting, wealth transfer and philanthropic strategies</li> <li>■ Consider active volunteerism</li> </ul>

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THE NORTHERN TRUST COMPANY MEMBER FDIC EQUAL HOUSING LENDER

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