A ROADMAP FOR Wealth Planning

Where are you on the ROAD OF LIFE?
[Tap on your age to explore]

Northern Trust

Call us today: 866-803-5857
northerntrust.com
Lifestyle

Maintain your current lifestyle
- Discuss financial plans with partner
- Plan for a long-term horizon, at least to age 90
- Strive to save 10–20% of income
- Maximize retirement plan contributions (e.g., 401(k) plans, IRAs, Roth IRAs)
- Gain an understanding of expenses and budget for an emergency fund to cover 6–12 month’s income
- Manage credit card and other debt to gain a good credit rating
- Minimize non-deductible debt
- Budget for child-rearing expenses
- Balance long-term retirement funding with education funding
- Consider health savings accounts
- Establish a comprehensive insurance program including disability, health, life and personal liability coverage
- Couples should review and consolidate lifestyle financial plans

Capital Assets

Pursue your next dream
- Conduct financial independence analysis
- Investigate financing alternatives for all major purchases
- Align debt structures with the characteristics of assets purchased
- Understand the tax implications of various types of funding in order to favorably manage debt

Family

Invest in your family’s future
- Establish/implement premarital financial planning strategies
- Coordinate wealth transfer plans with spouse or partner
- Establish and periodically update will, directives to physicians, durable and healthcare powers of attorney
- Establish appropriate savings vehicles for children, nieces and nephews (e.g., UTMA)
- Begin education funding – consider 529 Plans
- Name a guardian for children
- Update beneficiary designations on retirement plans and life insurance policies for changes in family structure

Philanthropy

Create your philanthropic legacy
- Balance charitable giving with the financial needs of the family
- Involve your family in philanthropy through giving of your time and expertise
- Begin to develop your alliances with causes/charities of interest to you and your family

WEALTH PLANNING
Pivotal Years

KEY FOCUS
LAYING THE FOUNDATION

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

ages 25-39

Call us today: 866-803-5857
northerntrust.com
Maintain your current lifestyle

- Analyze your balance sheet to confirm your financial position
- Align your cash flow with your debt commitments
- Seek tax-efficient investment strategies and wealth transfer planning
- Conduct ongoing portfolio monitoring and dynamic rebalancing as necessary
- Maximize employer-sponsored retirement plans (e.g., 401(k) plans, IRAs, Roth IRA), including available catch-up contributions
- Determine target retirement age; begin retirement planning
- Discuss your parents’ cash flow needs and factor into your own plan
- Consider purchasing long-term care insurance for you and your parents
- Consider health savings accounts
- Review and update insurance program including disability, health, life and personal liability coverage
- 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
- Use credit facilities strategically without disrupting asset management strategies
- Seek family business consulting, if appropriate
- Integrate your estate plan within your overall financial plan
- Update all estate planning documents, factoring in any changes to your family situation
- Discuss your parents’ estate and wealth transfer plans and adapt your own plan as needed
- Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating
- Help children purchase an investment vehicle and monitor its performance over time
- Begin multigenerational family education to share family values and prepare the next generation for living in wealth
- Maximize utilization of educational funds in the most tax-efficient manner
- Begin wealth transfer planning; make annual exclusion gifts
- Incorporate trusts for children into your estate plan
- Help establish a mission that defines the family’s philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising

Invest in your family’s future

- Integrate your estate plan within your overall financial plan
- Update all estate planning documents, factoring in any changes to your family situation
- Discuss your parents’ estate and wealth transfer plans and adapt your own plan as needed
- Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating
- Help children purchase an investment vehicle and monitor its performance over time
- Begin multigenerational family education to share family values and prepare the next generation for living in wealth
- Maximize utilization of educational funds in the most tax-efficient manner
- Begin wealth transfer planning; make annual exclusion gifts
- Incorporate trusts for children into your estate plan
- Help establish a mission that defines the family’s philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising

Create your philanthropic legacy

- Help establish a mission that defines the family’s philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising

Pursue your next dream

- 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
- Use credit facilities strategically without disrupting asset management strategies
- Seek family business consulting, if appropriate
- Integrate your estate plan within your overall financial plan
- Update all estate planning documents, factoring in any changes to your family situation
- Discuss your parents’ estate and wealth transfer plans and adapt your own plan as needed
- Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating
- Help children purchase an investment vehicle and monitor its performance over time
- Begin multigenerational family education to share family values and prepare the next generation for living in wealth
- Maximize utilization of educational funds in the most tax-efficient manner
- Begin wealth transfer planning; make annual exclusion gifts
- Incorporate trusts for children into your estate plan
- Help establish a mission that defines the family’s philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising

Lifestyle

- Analyze your balance sheet to confirm your financial position
- Align your cash flow with your debt commitments
- Seek tax-efficient investment strategies and wealth transfer planning
- Conduct ongoing portfolio monitoring and dynamic rebalancing as necessary
- Maximize employer-sponsored retirement plans (e.g., 401(k) plans, IRAs, Roth IRA), including available catch-up contributions
- Determine target retirement age; begin retirement planning
- Discuss your parents’ cash flow needs and factor into your own plan
- Consider purchasing long-term care insurance for you and your parents
- Consider health savings accounts
- Review and update insurance program including disability, health, life and personal liability coverage
- 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
- Use credit facilities strategically without disrupting asset management strategies
- Seek family business consulting, if appropriate
- Integrate your estate plan within your overall financial plan
- Update all estate planning documents, factoring in any changes to your family situation
- Discuss your parents’ estate and wealth transfer plans and adapt your own plan as needed
- Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating
- Help children purchase an investment vehicle and monitor its performance over time
- Begin multigenerational family education to share family values and prepare the next generation for living in wealth
- Maximize utilization of educational funds in the most tax-efficient manner
- Begin wealth transfer planning; make annual exclusion gifts
- Incorporate trusts for children into your estate plan
- Help establish a mission that defines the family’s philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising

Wealth Planning

Interdependence

• 40-54 ages

Key Focus: Balancing Act

Lifestyle

- Maintain your current lifestyle

Capital Assets

- Pursue your next dream

Family

- Invest in your family’s future

Philanthropy

- Create your philanthropic legacy

Call us today: 866-803-5857
northerntrust.com
• Begin to consider where you will retire; consider state income and estate taxes
• Get a customized retirement projection factoring in inflation, work plans during retirement, cost of healthcare and insurance coverage
• Make catch-up contributions to retirement plans
• Identify favorable deferral and distribution elections within various retirement plans
• Examine sources and stability of cash flow and adjust allocations appropriately
• Review asset allocations to stay ahead of inflation and taxes
• Diversify single stock exposure or other highly concentrated holdings
• Conduct ongoing portfolio monitoring and dynamic rebalancing based on your changing risk profile, as necessary
• Revisit and update all insurance coverage (e.g., life, medical care and long-term care insurance)
• Decide what amount of debt is appropriate for you and investigate available financing alternatives
• Evaluate the pros and cons of eliminating debt
• Seek advantageous ownership structures and strategies for your illiquid investments (e.g., wealth transfer, premium financing, family business services, real estate and agricultural services)
• Revisit and update will, directives to physicians, durable and healthcare powers of attorney, as necessary
• Revisit and update all estate planning documents, factoring in any changes to your family situation
• Consider establishing irrevocable life insurance trust and generation-skipping trust
• Discuss retirement plans with family and children
• Review accounts and transfer UTMs to adult children at majority
• Adult children should take advantage of employer 401(k) plans and/or set up an IRA or Roth IRA with automatic transfers
• Adult children should establish a will, directives to physicians and durable and healthcare powers of attorney
• Share the family mission, values and history and the importance of charitable giving
• Engage the next generation in the family foundation, charitable giving strategies and volunteerism
• Consider creating a lifetime gifting strategy for family and/or charities
Reassess your complete financial situation
Consider changing lifestyle and healthcare expenses during retirement
Establish appropriate withdrawal amounts, factoring in inflation
Continue to monitor and reallocate investments to maintain diversification
Review insurance coverage and adjust as necessary

Evaluate the pros and cons of eliminating debt
Assess the capital impact of your long-term living arrangements

Implement wealth transfer plans to establish a family legacy
Review and update estate planning documents to reflect your intentions
Share wealth transfer plans with family and other beneficiaries
Consider the emotional and financial benefits of establishing a funeral plan
Support grandchildren, if appropriate

Implement lifetime gifting, wealth transfer and philanthropic strategies
Consider active volunteerism

Maintain your current lifestyle
Pursue your next dream
Invest in your family’s future
Create your philanthropic legacy
IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see http://www.northerntrust.com/circular230.

LEGAL, INVESTMENT AND TAX NOTICE: This information is not intended to be and should not be treated as legal advice, investment advice or tax advice. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal or tax advice from their own counsel.

Call us today: 866-803-5857
northerntrust.com