Mercer County Community College
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Today’s Opportunity & Discovery

• A Great Financial Future!

• A Great Career of Success & Happiness!

• Both a Great Career & Financial Success!
Today’s Economic Challenges

- Deficit
- Dollar Decline
- Unemployment
- Credit Availability & Access
- Consumer Confidence
What’s Changed?

• Reduced Net Worth

• Debt & Credit Utilization

• Retirement Expectations

• Return to Savings vs. Investing & Speculation
Wealth Traditionally Defined

Net Worth is the score card for wealth

– Distorted Context Created
  • Asset Hording
  • Ignoring Asset Protection
  • Speculation in lieu of Investing and Savings
Distorted Public Perception

Financial Institutions have conflicting objectives:

– Fees – high vs. low
– Asset accessibility
– Rates – charged vs. credited
– Returns – average vs. actual
– How people actually become wealthy
– Advertising half-truths (Infomercials & Commercials)

• No mention of income or estate tax issues
• Limited disclosure of risks
Funny Math

- 50/-50/50
  16.66
  3.75

- 100/-50
  25
  0

Average vs. Actual
Some Half Truths “Myths”

• You should pre pay your debt. You can always refinance.
• You will retire to a lower tax bracket. Defer as much as you can.
• The market has always averaged 10% in the long run.
• Insurance is a cost – buy only what you need and use term insurance on your life. The goal is to self insure.
Traditional Planning Solutions

Needs Based Analysis

&

Product Based Solutions
Responsible Wealth Solutions

Process & Strategy Based Solutions

vs.

Wants & Hope Based
Responsible Wealth Mindset

Responsibility vs. Entitlement
Responsible Wealth Success Defined

- Happiness is the whole package:
  - Faith
  - Family
  - Health
  - Career
  - Finances
Aha! Moments About Success

• My wealthiest clients were all different, yet similar:
  – Self-employed – business owners
  – Involved with real estate - owners or investors
  – Many investments were private, not public
    • Early to the game, not followers who were late to the game.
The Whole Package

Happiness & Success

A Combination of Balance and Responsibility
Aha! Moments Translated

It’s about cash flow, not net worth.

FJC

• Net worth is only a scorecard, not necessarily a quality of life.

• Cash flow provides the difference in quality of life.
Responsible Wealth Hierarchy

YOU are your greatest asset!

– Hierarchy of Assets:
  • You
  • Your Business
  • Real Estate
  • Private Equity
  • Passive Investments
Responsible Wealth Principles

• Make decisions based upon logic not emotion.
  -- Don’t look for the easy way out!

• Understand real assets vs. liabilities (deferred assets).

• Recognize correlated vs. non-correlated assets.

• Manage cash flow by focusing on efficiency.
Responsible Wealth Principles

• Protect assets responsibly to lessen your risk.

• Fully utilize assets without hoarding them.

• Don’t bankrupt your life’s work. Use replacement strategies of the large companies. i.e. COLI & BOLI.

• Leave a legacy.
Where do you go from here?

• Follow the crowd? Traditional Planning?

• Help yourself do it right? Responsible Wealth?

• A career helping others to do it right?
  – A future Responsible Wealth Advisor?
Questions

www.ca-strategy.com
www.discoverresponsiblewealth.com