The Financial and Estate Planning Council of Metropolitan Detroit, Inc.

October 2018

33006 W. Seven Mile Road, #237, Livonia, MI 48152 • (313) 530-9223 • FAX: (248) 479-0350

President's Message

As the leaves get ready to turn, and the air has a chill in it, the Financial and Estate Planning Council of Metropolitan Detroit prepares for our final event of 2018 with our guest speaker, Tom Hegna. Mr. Hegna is a respected national lecturer in the retirement planning community. His unique approach to retirement income planning should be both enlightening and entertaining. Additionally, the November 1st meeting will also serve as our Annual Members' Meeting when the members will elect the next set of officers and next year's Board of Directors.

In addition to our last evening event, the FEPCMD will continue its co-sponsored lunch-and-learn events on October 23rd at Pasquale's in Royal Oak. This lunch time event will address planning for Digital Assets and Social Media with our guest speakers Matthew A. Ferrara, JD and Brittany Satterfield.

Members interested in attending any of our events may do so by registering on our website at www.metrodetroitfepc.com.

Our Council proudly supports community efforts through both our resources and efforts. Our golf outing this year generated financial support for the American Red Cross of Michigan with a donation of $5,000. In mid-October, our Council will celebrate National Estate Planning Awareness Week by offering complimentary estate plans for the first responders of the City of Novi. The Board of Directors wants to extend appreciation to all those who have contributed to these efforts.

Finally, the board wants to remind everyone that the National Association of Estate Planners and Councils will be holding their 55th annual conference in Fort Lauderdale, Florida, November 6th through the 9th. This conference is an excellent opportunity to expand your knowledge and network with our colleagues from around the country.

Jeffrey R. Hoenle, CFP®, CRPC®, AEP®

FEPCMD President

How to Utilize a Sophisticated Medical Risk Model in Estate Planning

Albert E. Gibbons, AEP; Robert Uzzo, MD FACA
Contribution by Steven B. Wittenberg

We live in uncertain times. From the weather to financial markets to medicine, the desire to predict future outcomes and manage associated risks is a fundamental human endeavor that pervades our personal and professional lives. Just as the medical profession strives to manage health and disease risks to ensure sound health, the estate planning profession strives to manage risks to ensure a client and his or her family's financial health and wellbeing. Whereas the practice of medicine focuses on the health of the individual, estate planning focuses on the financial health of the individual and the family, and decisions made today can significantly impact family wealth for generations.

For best results, each profession requires a collaborative team approach. Whereas the medical practice engages a team of physicians, nurses and technicians, the estate planning team consists of attorneys, accountants, corporate trustees, investment advisors and life insurance professionals.

Robert Uzzo, MD, professor and chairman of surgery at Temple University's Fox Chase Cancer Center in Philadelphia, has developed an innovative approach for understanding, communicating and managing patient medical risk. Based on his model, all forms of patient risk can be categorized into one of the following "quadrants of risk" : 1) biological risk, 2) patient risk, 3) hospital risk and 4) physician risk.

This quadrant model can provide a parallel track for estate

WELCOME TO OUR NEW MEMBER

JOSHUA J. DAWSON
Fifth Third Bank
Sponsors: Pete Gargasoulas and Tess Sullivan

planning advisers to follow with corresponding quadrants: 1) discovery risk, 2) client risk, 3) institutional risk and 4) adviser risk. Just as understanding and managing the quadrants of medical risk can result in better medical outcomes, understanding and managing the quadrants of estate planning risk can result in superior estate planning outcomes.

1. Discovery Risk

For physicians, the first quadrant is "biological risk" or the biological risk of a tumor or disease. It represents the range of how a tumor or disease may behave.

For estate planning, the first quadrant represents "discovery risk." Discovery is a process that identifies and defines the client and his or her spouse's primary goals and objectives and serves as the foundation of a well-designed estate plan. The goal of estate planning is first to ensure that the client will not outlive his or her resources, then plan for the orderly and secure transfer of wealth to children and succeeding generations. Discovery identifies family members and their unique needs, reviews existing planning, inventories assets and liabilities (and their ownership), determines the need for creditor and divorce protection, trusts and more sophisticated planning, and explores charitable intentions and goals.

Substantial discovery risk is introduced if the process does not involve the frank and honest exploration of many personal aspects of a client's life. It is therefore essential for the adviser to build trust to facilitate open and engaging communication to minimize this risk and set the stage for an effective planning process. In addition, just as an individual has a need for lifetime medical care, discovery is an ongoing process that takes place throughout the client's and family members' lifetimes.

2. Client Risk

The second quadrant of the medical risk model is "patient risk." This looks at a patient's health holistically, accounting for other factors and diseases as opposed to the risk of the primary diagnosis under consideration.

For estate planning, discovery leads squarely into the second quadrant, "client risk." Client risk views the client holistically looking beyond the primary planning objectives and circumstances to a multitude of other factors that can affect the client and the client's family's financial health. These factors include conflicting emotions and complex family dynamics, varying risk tolerances, liability issues, closely held business dynamics and issues, succession timing, issues of fairness and heirs' marital status—just to name a few. Clients also introduce risk by not complying with the formalities of an estate plan which can lead to undesirable creditor and tax outcomes.

The estate plan must be flexible enough to address unforeseen risks relative to the client, but also with respect to beneficiaries: current and future children, grandchildren and subsequent generations. Sometimes beneficiaries are unable to manage money or need to be protected from substance abuse and other risks and, frequently, it is important not to spoil them with too much too soon. After even a few generations, the dilution of wealthF due to a growing family can be substantial, even without taking estate taxes into account.

It is incumbent upon doctors and estate planning advisers to find ways to engage patients and clients as vital participants in understanding and prioritizing these many competing and shifting factors and risks.

3. Institutional Risk

The third quadrant on the medical model is "hospital risk." Hospital risk relates to a hospital's proficiency in treating a particular disease.

For estate planning, the third quadrant represents "institutional risk." For financial or estate planning, there is no single entity that is the equivalent of a hospital within which planning takes place. However, each adviser and product introduces elements of institutional risk.

The client's estate planning team is typically comprised of attorneys and accountants, corporate trustees, investment advisers and life insurance professionals. In addition to individual adviser risk discussed in quadrant four below, each adviser introduces two components of institutional risk. First, institutional risk is introduced by the firms or entities that regulate advisers. For example, lawyers are regulated by the state bar association, insurance agents by the state insurance department and investment professionals must be registered with a broker-dealer (regulated by the Financial Industry Regulatory Authority or FINRA) or with the Securities and Exchange Commission (SEC). Second, institutional risk is represented by the firm each adviser is employed by or affiliated with and its culture and adherence to compliance requirements. With respect to products such as marketable securities, annuities and life insurance, institutional risk is introduced by a carrier's reputation for treating advisers and clients fairly, the quality of its management team and, in the case of annuities and life insurance products with long-term commitments, financial strength and claims-paying ability (measured by the major ratings agencies).

Government, by far the largest institution, introduces a range of risks. For example, the estate tax has become a political

How to Utilize a Sophisticated Medical Risk Model in Estate Planning - continued on page 4

THE FINANCIAL AND ESTATE PLANNING COUNCIL OF METROPOLITAN DETROIT and PLANNED GIVING ROUNDTABLE OF SOUTHEAST MICHIGAN
present

THURSDAY, NOVEMBER 1, 2018

Oakland Hills Country Club
3951 W. Maple Rd, Bloomfield Hills, MI
FEPCMD Annual Meeting – Election of Officers

Tom Hegna, CLU, ChFC, CASL

"Don't Worry, Retire Happy! Seven Steps to Retirement Security"

Tom Hegna is an author, speaker and economist. Tom specializes in creating simple and powerful retirement solutions. He has the unique ability to pump up a crowd, make people laugh, and solve complex financial problems using easy-to-understand words, ideas and stories.

As a former Senior Executive Officer at New York Life, retired Lieutenant Colonel, and economist, Tom has delivered over 5,000 seminars, helping Baby Boomers and seniors retire the "optimal" way. After serving 6 years on Active Duty in the US and Europe, Tom started his career in the insurance business as a top agent with MetLife. He spent 15 years with New York Life and was responsible for driving their Retirement Income Initiative. NYL continues to dominate this market with a 42% market share – sales increased from $100,000 to over $4 Billion. Tom also remained in the US Army Reserves spending another 16 ½ years leading Counter Terrorism Operations in the Pacific Theatre. In 2013 Tom qualified for the Elite "Million Dollar Speakers Group" of the National Speakers Association (NSA). This is the top 1% of Professional speakers in the world.

Tom's presentation is your guide to straightforward retirement planning in uncertain times. In this presentation, Tom will focus on 3 Main Topics – Longevity, Long Term Care and the KEY to Happiness in Retirement. Don't miss this powerful presentation filled with audience participation and Find Retirement Alpha – based on Math and Science, NOT Opinions!

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AGENDA:	5:30 p.m.	Complimentary Cocktails
	6:30 p.m.	Annual Meeting & Dinner
	6:45 p.m.	Presentation

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Log onto our website by October 19, 2018 to make your reservation and pay with VISA or Master Card.
www.metrodetroitfepc.org

RESERVATIONS RECEIVED AFTER OCTOBER 19 WILL COST $85.00 PER PERSON.

OR PLEASE MAIL YOUR RESERVATION AND CHECK BY 10-19-18 TO: **COST: $70.00 PER PERSON**

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MEMBER NAME: ______________________ **GUEST NAME:** ______________________

TOTAL ENCLOSED: ______________________ **SPECIAL MEAL REQUESTS:** ______________________
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football leading to laws that change almost annually. With the current threat of repeal of the federal estate tax (and its "on again, off again" nature), the states' pressing needs for revenue and the clients' real or perceived financial uncertainty, this playing field will continue to change. It is essential that advisers create flexible planning structures that maximize client access and control and that can adapt to changing laws and circumstances to minimize these risks.

4. Adviser Risk

The final quadrant is "physician risk." In medicine, this means the quality of the skill and experiences of the individual physician. It is essential for the physician to remain up-to-date on the latest medical developments and to engage in an honest culture of performance review, improvement and optimization.

For estate planning, the fourth quadrant represents "adviser risk," perhaps the most important of the four quadrants. When a client chooses an estate planning adviser, there will be inherent risks based on his or her expertise, experience, capabilities, skill set, values and service offering. All advisers are not created equal, and there is a wide range of competence. Clients sometimes choose advisers based on friendship, not competence. An adviser may impose his or her values and prejudices upon the client, and it is important to keep in mind just whose estate plan it is: the client's.

Many advisers hold advanced degrees and/or belong to professional associations, some of which grant highly regarded designations. In addition to educational requirements, these designations also frequently have a strong ethical code, promote adherence to best practices and have continuing education requirements. The internet offers access to a tremendous range of timely topics offered by some of the best minds in the business that keep an adviser up to date.

Estate planners have long been accused of operating in silos and, in fact, many do. A collaborative team approach to estate planning is essential in order to provide a system of checks and balances, help overcome biases, create synergies, minimize risks and most importantly provide superior results for clients and their families. Advisers need to recognize their limitations and must have access to technical and other resources. Flawless design, implementation and ongoing service is expected of each adviser on the team.

Conclusion

In these uncertain and rapidly changing times, physicians and advisers must find ways to continually adapt and improve outcomes. In both the practice of medicine and estate planning, understanding and managing risks is critical. An enlightened partnership requires empowerment, trust and objectivity as the basis for making sound decisions. The bottom line is to provide superior outcomes for the patient or client.

Each discipline includes the formation and utilization of collaborative teams and a process to reduce risks by developing, analyzing, critiquing and promoting best practices. In either field, with each improvement an inherent risk is reduced, and we all move a step forward with improved patient and client outcomes.

Robert Uzzo, M.D., F.A.C.S is the chairman of the Department of Surgery and the G. Willing Pepper Professor of Surgery and Cancer Research at Fox Chase Cancer Center Temple Health in Philadelphia. He has authored over 350 peer reviewed original research articles and book chapters on topics of cancer management and clinical decision making.

Albert E. Gibbons, AEP (Distinguished) specializes in estate planning and life insurance planning for high net worth individuals. He works closely with professional tax advisers (attorneys, accountants, and trust officers) designing and implementing sophisticated life insurance strategies to help solve their clients' unique estate planning needs.

Steven B. Wittenberg, Director of Legacy Planning, SEI Private Wealth Management, has contributed his insight and expertise to the content within your belief in, and dedication to, the team concept of estate planning.

55th Annual NAEPC Advanced Estate Planning Strategies Conference

with Pre-Conference Sessions for Council Leaders

November 6 - 9, 2018

Ft. Lauderdale, Florida

55th Annual Advanced Estate Planning Strategies Conference with Pre-Conference Sessions for Council Leaders

Includes Council Leadership Day sessions on Tuesday, November 6, 2018, sponsor bonus and technical education sessions from Wednesday, November 7th through Friday, November 9th, presentation material, conference breakfasts & luncheons, and the Tuesday and Wednesday evening receptions $1,175

55th Annual Advanced Estate Planning Strategies Conference

Includes the Tuesday and Wednesday evening receptions, sponsor bonus and technical education sessions from Wednesday, November 7th through Friday, November 9th, presentation material, and conference breakfasts and luncheons. $1,075 member* / $1,300 non-member

Companion Package

Includes the tours, Tuesday and Wednesday receptions, and conference breakfasts. $475

Available Discounts

$50 Active Accredited Estate Planner® designee or Estate Planning Law Specialist certificant

$50 Host Council Discount for Members of Florida Councils

$100 NAEPC Volunteer Discount (available to non-board members of any committee of NAEPC)

A $50 late fee applies to all registrations submitted after October 19, 2018.

Cancellation Policy: Cancellations must be received in writing or via email to conference@naepc.org. A full refund will be granted if notice is received on or before 09/14/18. Registrants who cancel between 9/15/18 and 10/19/18 will forfeit a $100 administrative fee. No refunds will be granted after 10/19/18. Requests to transfer registrations to another individual will be accommodated.

* A member is defined as an active AEP® designee or EPLS certificant, At-large member of NAEPC, or a member of an estate planning council affiliated with NAEPC.

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