

# *Winthrop Partners*

**A Financial Advocate For Physicians**

*Brian Werner CFA® , CFP®*

# Goals for Today



1. Understand the Four Pillars of Wealth
2. Recognize what to avoid and what to embrace
3. Help you prioritize your goals and needs
4. Empower you to make good financial decisions
5. Navigate towards the best path for you

# Who is Locust Capital?



## ➤ Boutique Wealth Management Firm

- Providing **Personalized** and **Customized** Advice
- **Fiduciary** Relationship as a Trusted Advisor
- Best in class **service**
- Save our clients **time**
- Your personal **CFO**
- Over 80% of firm clients work in the **medical industry**

**Investment Management**

# Trust and Estate Planning



## ➤ Get your wills done!

- This is especially important if you have children

## ➤ Wills

- Guardianship is key if you have kids
- Should encompass all assets – nothing missing
- Should be portable if you move states
- Should empower your children but it is okay to rule from the grave

# Retirement Planning - Saving Early



<b><i>In Practice Retirement Plan</i></b>	<b><u>EXAMPLE 1</u></b>	<b><u>EXAMPLE 2</u></b>	<b><u>EXAMPLE 3</u></b>
<b>Annual Savings</b>	\$15,000	\$30,000	\$45,000
<b>Years to Retirement</b>	30	15	7.5
<b>Compounded Rate of Return</b>	6%	8%	10%
<b>Ending Dollar Value</b>	<b>\$1,400,000</b>	<b>\$940,000</b>	<b>\$425,000</b>

- Best Return by **Maximizing the Tax Efficiency** of your Savings
  - 401(a) & 403(b) – contributions are pre-tax and are deferred until distributions
  - Traditional IRA
  - Roth IRA
  - SEP IRA (Simplified Employee Pension Individual Retirement Arrangement)
    - Simple and inexpensive plan for self employed individuals

## How Locust Capital builds portfolios

- Diversify across asset classes
- Globalize the portfolio
- Rebalance
- Develop holistic portfolio using tax efficiencies
- Avoid unnecessary risk – minimize standard deviation of returns
- **“If something sounds too good to be true, it probably is”**



➤ 529 Plans

- Contributions are not tax deductible
- **Earnings accumulate on a tax deferred basis**
- Distributions for qualified education expenses are tax free

Age	Current Balance	Inflation	Rate of Return	Public vs. Private Cost (Today's \$)	Annual Savings Needed	Total Cost of College
1	\$0	5%	6%	\$25,000	\$6,732	\$246,970
1	\$0	5%	6%	\$50,000	\$13,464	\$493,941

## Life Insurance

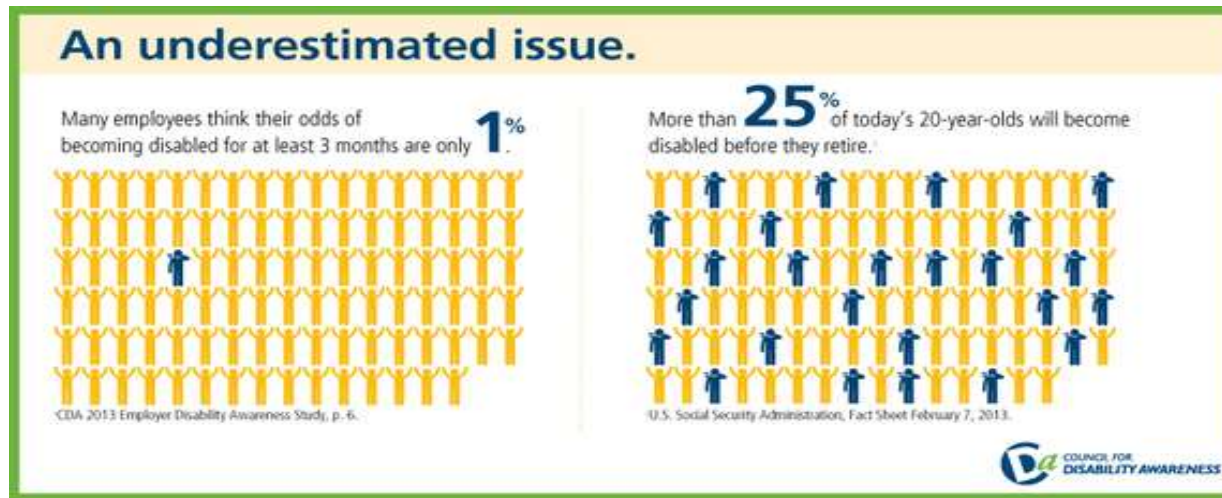
- **Term Insurance is the most cost effective – the best bang for your buck!**
- Protection for family members from premature death
- **“You don’t need a Mercedes, you need a Ford”**
- Not an effective investment tool (costly and tax inefficient)
- Irrevocable Life Insurance Trust (provides tax benefits and asset protection)

## Short and Long Term Disability Insurance

- Important to protect your income
- The probability of becoming disabled is much higher than prematurely dying
- Every Resident should have Individual Disability Insurance
- Benefits are tax free if you pay the premiums yourself
- “Own Occupation” policy

# Disability Insurance

- It happens more than you'd imagine



- Approximately 90% of disabilities are caused by illness rather than accidents

# Disability Insurance

## ➤ Why do I need it?

- Student loans
- Future income
- Own occupation vs. Any occupation
- Specialty occupation or true own occupation

# Disability Insurance



## Group Policy

- 60% of base salary up to a maximum monthly benefit
- Employer pays for it – benefits are taxable to you
- Not portable
- “Any Occupation” definition

## Individual Policy

- Portable
- Covers your specialty
- “True Own Occupation” definition
- Tax free benefit
- Resident/Fellow discount program

## **Managing Through The First Stage of Your Career**

The Financial Life of Dr. Young Cardio

# Dr. Young Cardio

## Profile:

- Average starting salary for Cardiologist in 2014 was \$338,642
- Mid 30's
- Married with young children
- Buying house and buying into the practice
- Does not have a disability insurance policy or proper life insurance
- Has no estate and asset protection plan



## What should Dr. Young Cardio consider?

- Prioritize financial goals
- Obtain appropriate insurance – disability & life
- Get Wills done
- Implement a realistic savings plan
- Define the proper vehicles in which to save
- Determine the optimal investment portfolio

## Disability Insurance Needs:

- Group Long-Term Disability only covers an average of \$100,000 per year leaving approximately 70% of income not covered
- Enter into Individual policy ASAP (even during residency!)
- Tax-free supplement to Group Policy
- Future increases available with no additional health exams

# Working with us



Seek advice EARLY versus waiting. Common mistake made by many of your colleagues.

- Bound to Fiduciary Duty – Client’s Interest Always Comes First
- Independent, Unbiased, and Objective Advice
- No Proprietary Products – Utilize “Best of Class” Approach
- Not a Broker Dealer – Fee Only
- Solutions are Customized and Cost Sensitive
- Typical Fee is 1% (All Inclusive) Annually of Assets Managed

# Questions & Answers

**Brian Werner CFA® , CFP® - [Brian.werner@winthropPartners.com](mailto:Brian.werner@winthropPartners.com)**

Mr. Werner is leading the development of the Pittsburgh Office. Brian specializes in providing family office style finance planning services to physicians, business owners, executives and institutional clients. His specialty is a comprehensive approach that incorporates all aspects of personal financial planning, including portfolio risk management, business succession and estate planning, asset protection and insurance advisory and liability structure and management. Brian's business experience is unique. He has 20+ years in investments, financial planning, entrepreneurial ventures, corporate finance and banking which gives him invaluable insight in planning and investment services that is truly holistic.

Most recently, as First Vice President, Senior Wealth Advisor for First Niagara, he led the development of First Niagara's Western Pennsylvania Private Client Services and served on the bank's Western Pennsylvania operating committee. His investment wealth management experience includes time as Relationship Manager and Planner at PNC/National City, Investment Analyst with Greycourt Investment Advisors and Commodities Trading/ Hedging Specialist at Lincco Future Group, Chicago Board of Trade.

Mr. Werner is a Chartered Financial Analyst® and Certified Financial Planner®. He has been recognized as one of America's top financial planners. Brian holds an MBA from Duquesne University, Magna Cum Laude, and is a graduate of University of Dayton. He is a member of the Pittsburgh Security Analyst Society, and Estate and Financial Planning Council.

Brian and his wife Monica returned to their hometown of Pittsburgh in 2005 to raise their two children and settled in Edgewood, PA. His free time is spent with his family - -traveling, skiing, biking and enjoying the outdoors. He and Monica are active members of the Edgewood community and St. Bede Parish. He can often be found coaching soccer, baseball and basketball and other activities his children are pursuing.