The Wealth Conservancy, Inc presents

THE PERIODIC PONDERANCE

Volume 7, Number 2   1919 14th Street, Suite 319, Boulder, Colorado 80302   2nd Quarter 2006

Too Much of a Good Thing

Financial and estate planners go to great lengths to devise strategies for efficiently passing wealth from person to person. As a result, most financial and estate plans are based on the assumption that heirs or other beneficiaries will actually want to receive an inheritance. Although it may be hard to imagine, the assumption may prove not to be true: some people may prefer to refuse or forego an inheritance.

For example, Mary (a fictitious client) spends the majority of her days running the family business and trying to keep up with her eight children. Eventually she will own the family business with all its inherent responsibilities. Mary has already amassed a moderate estate by her own efforts, and at some point will begin receiving income from trusts established by her grandparents. Money requires management; management takes up time. As an only child, Mary will also have the responsibility of dealing single-handedly with the issues of her aging parents and, ultimately, their demise and the funeral/estate-settlement process. Taken together, these myriad responsibilities are time consuming, energy draining and overwhelming.

Mary has enough. She has enough money; she has enough responsibility; and she has had enough! So, when her aunt, who is nearly the same age as Mary's mother dies and bequeaths her $900,000, Mary might just stand up and say, "NO!"

Beneficiaries can refuse bequests. This can be done by delivering a written refusal to the decedent's executor or personal representative. For tax purposes, typically the written refusal must be delivered within nine months from the date of death, and the beneficiary must not have accepted or used the bequeathed property during that time. The disclaiming inheritor cannot specify to whom he or she would like the funds to go to; instead, if the governing conditions are met, the disclaimant will be deemed to have predeceased his/her benefactor and the inheritance will pass accordingly to the next in line.

Disclaimers can also be useful tax-planning tools. If you ever receive a bequest you don't need or want, we recommend that you consult your financial advisor promptly to explore the viability of disclaiming it. Remember, do not use the gift in any form while you are making the decision, and file the disclaimer as soon as possible, within the nine-month period.

By Kreig Mitchell

From Collier, Sarner and Associates, Inc. Newsletter:

With The Cost of Building Materials Rising In Recent Years (And Especially After The Past Year's Six Major Hurricanes To Hit Florida And The Gulf Coast), Make Sure That Your Property Insurance Is High Enough To Pay The Full Cost Of Rebuilding (Plus A Few Other Thoughts):

The costs of lumber, cement, etc., have risen significantly. If you do not review your coverage each year with your insurance agent, it is likely you do not have enough insurance to rebuild your home, office, or other properties in the event of a casualty. As long as you are talking with your agent, review what risks are covered and which are not. For example, some doctors in the Gulf states are having trouble collecting the post-casualty payments they expected under their office business interruption insurance. Some insurance adjusters are taking the position that if the damage to an office stem from flooding, not only will the insurance company not pay for rebuilding, but it will also not pay for the resulting business interruption. The disputes and litigation over these kinds of issues will be awful. Be sure that you

(See **Property Insurance** *continued on page 3)*

Relax, You're Rich!

5 Common Mistakes of New Inheritors

A new inheritor's windfall wealth should be a blessing, an opportunity, an assurance of security. But in a climate cluttered with advice and opportunity, warnings and risk, temptations and obligations, your future can be utterly intimidating. Before long you could be buried in bureaucracy or torn between conflicting advisors. Don't make the five most common mistakes made by the newly wealthy.

1. DENIAL: Despite all that talk around the office water cooler, our first response to winning the lottery or inheriting a fortune isn't always "take this job and shove it!" The newly wealthy generally don't grasp just how much wealth is suddenly theirs; and often they can't be bothered to find out. Life goes on as it was and hugely promising assets stagnate.

It's not all their fault. Money's complicated these days. Perhaps money has always been complicated, unless you go back to the days of trading coconuts for loin cloths. If you want to control your wealth, putting it to work for you, first you must understand it. The first step is yours: commit to finding out what your inheritance really means, what it all adds up to, and what wonderful possibilities it might create.

2. GUILT: OK, you're starting to accept that you might be wealthy after all—and that saddens you. Weird, right?

Maybe you have pangs of guilt or unworthiness: "Who am I to be rich?!" To borrow from Marianne Williamson: "Who are you not to be? Your playing small doesn't serve the world." It does nothing for you, either. With all the forms modern wealth can take, if you want to stay anonymous, there's no reason you can't. There are plenty of people who do great things quietly with their money while conducting life-as-usual. Be the next Bruce Wayne. Be Batman. Why not?

"But," you protest, "money corrupts! Who will I become if I'm wealthy?" Remember the coconuts: money's just a tool to get what you want: designer loin cloths or living legacies—you choose. Be smarter than that stack of trust documents or that pile of stock certificates—don't let money be a bully: you control your wealth.

Don't buy into the hype: people don't strive for money alone. Money is just a tool that can help you achieve your ultimate goals. You aren't the tools you own, so don't feel guilty if you inherited a really nice tool box. You are what you do, so put your tools—your wealth—to work!

3. ISOLATION: Often your next stage is the conviction that everyone's out for a cut—that you can't trust anyone with your money. So you try to figure it out all alone: changing tax laws, myriad investment options, financial jargon—whoa! Just when you were accepting that money could be a tool, you discover this tool has an awfully thick instruction manual.

There is a ton of information out there—more every day—and no shortage of conflicting advice and unhelpful analysis. It takes a real financial geek to stay abreast of it all, to filter out the garbage, and to apply only that which is valid to your own unique situation. Is this really what you always dreamed of being? A financial expert? Trust me, you should get out more often!

4. GIVING AWAY TOO MUCH CONTROL: Eventually you'll learn you don't have the time or inclination to handle it all alone. Nobody can handle it all alone nowadays. So you defer everything to the experts. Your eyes glaze when they use obscure financial jargon and you finally give up and say, "Whatever—just do it."

Say you want to build a dream home. You don't need to know how to drive a tractor or swing a hammer; but that doesn't mean you just tell a builder to "go for it." If you want to build something meaningful from your new wealth, for starters you'll need a basic education—and I mean the very basics: Finance 101. How do you learn best: In a classroom? There are great programs out there. From a book? Read the reviews, ask people who seem to know what's good. With a one-on-one advisor? Find one who knows your larger life goals and who explains things in terms you understand—I call this a "Wealth Coach."

Once you understand the basics, you can ask better questions of your advisors and demand clearer answers from them. Now you have the vocabulary to talk to your dream-home builders—you're that much closer to breaking ground and starting construction.

5. THIS SHOULD BE FUN: Let's say you've grasped the extent of your wealth and its possibilities. Let's say you've found advisors you can trust and a plan you like. Then why are you still so frazzled, so overwhelmed by it all?

All inheritors do this at times: they get wrapped up in their financial plans and forget to go out and play. Convinced they're great philanthropists, they run out of time to call their friends. Working to save the earth, they forget to water the garden.

Take breaks along the way. Hire people to do things that take you away from the loves of your life. Don't forget to enjoy the ride! After all, you're Batman!

By Myra Salzer

ICE AGE ICE AGE ICE AGE

ICE has many meanings depending upon one's frame of reference. For instance, to an employee of Homeland Security ICE stands for Immigration and Customs Enforcement. If you are a jewel thief, you would probably think this article is about diamonds. A drug addict's ears would perk up for a chance at a hit of smokable methamphetamine. And, oh, yeah—I almost forgot—to most of us it just means plain old frozen water. But, for the purposes of this article, ICE stands for **IN CASE OF EMERGENCY**.

At many accident sites and in other emergency situations an injured person can not communicate with emergency personnel and carries no information about emergency contacts. This makes it next to impossible for paramedics to make sound decisions about treatment. After seeing this happen time after time, Bob Brotchie, a paramedic in Cambridge, England, came up with the idea to ask cell phone users to input an entry into their cellular phonebook called ICE for "in case of emergency," and along with the acronym, to enter the name and phone numbers of the person who should be called if something has happened to the owner of the phone.

Now Americans are being urged to do the same thing, and websites have begun to spring up offering enhancements, such as the giving you the ability to record not only emergency contacts, but other critical information such as names of physicians, insurance provider, prescriptions you take and any allergies you have, sometimes for a very small charge. For example, for $9.95 www.icefirst.com puts the software on your cell phone and gives you one year's use of the tools to edit, store and update your information from the website. After the first year, the cost reduces to $4.95.

Another service, www.icecontact.com, issues you an I.D. card, stickers and a wristband that will alert emergency personnel to call a 24/7 number, where the ICE team will immediately supply all your medical information. They will also contact your listed emergency contact person. (Icecontact.com's website claims to never have taken more than 13 minutes to do this.) Icecontact.com's rates are determined by how many family members are in your plan and range from $29.99 per year for just you to $69.99 per year for a family of five. With this service, you would still need to program ICE information into your cell phone, as it is not automatic.

Yet another service, www.medictag.com, offers a USB storage device that records and stores your emergency information on a device that any emergency service with a laptop can instantly access. It retails for $39.95 with no subscription fees.

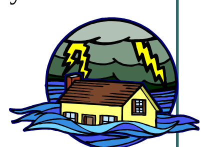
Of course, if you're interested, you will want to do the research yourself to find the solution most suitable for your particular needs. However, the very LEAST we should all do is have an ICE card in our wallets! Here are some tips for doing so:

1. Make sure the person whose name and number your list has agreed to be your ICE partner.
2. Make sure your ICE partner has a list of people who should be contacted on your behalf (including your place of work).
3. Make sure your ICE person's number is one that's easy to contact. (For example, a home number could be useless in an emergency if the person works full time.)
4. Make sure your ICE partner knows about any medical conditions that could affect your emergency treatment; i.e., medications and/or allergies.
5. Make sure, if you are under 18 or a dependent, that your ICE partner is a parent or guardian authorized to make medical decisions on your behalf.

By Barbara Denny

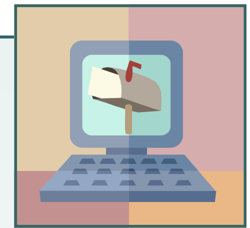
(**Property Insurance** *continued from page 1)*

fully understand what is, and is not, covered. Be sure that everyone with an interest in the insured property is listed as a named insured. For example if you have multiple entities involved, be sure that all of them are named insureds. If you have transferred title to a property to a trust or family partnership, etc., be sure that the new titleholder is a named insured. These are crucial concepts and a good, experienced insurance agent can explain what you have and what needs to be improved. Set up a meeting with such a person and get a thorough review. Repeat that process at least yearly.



Reprinted with permission from the twice-monthly "Collier, Sarner & Assocs. Doctor's Newsletter, which teaches doctors (and others) how to save on their taxes, practice smarter, avoid blunders and retire wealthy. It is in its fourth decade of publication and is available for $195 per year by calling 888-888-4840.

You’ve got mail.



“I just wanted to warn all of my friends about something that has been occurring more and more lately, all throughout the country.

Groups of teenagers have been caught, in alarming numbers, playing a new and dangerous game called Spunkball. Spunkball consists of a group of teens in a car pulling up to a stop light, and looking around for a car stopped nearby with an open window. When one is spotted, the teens shout, ‘Spunkball,’ and throw a gasoline-soaked rag that has been wrapped in aluminum foil through the open window.

On the outside of the foil is attached a small firecracker, with the fuse lit. When the firecracker explodes, it shreds the foil, and the rag is ignited, causing a large flame that may catch the interior of the car on fire.

Spunkball playing has already claimed two lives, caused uncountable injuries due to burns, and caused thousands of dollars in damage to automobiles. The best defense, say authorities, is to keep all windows rolled up when stopped at traffic lights, as only cars with windows down are being targeted.

If you are at a red light and hear a shout, ‘Spunkball,’ and notice something come flying in your window, the best thing to do is to have all passengers immediately exit the vehicle. DO NOT try to retrieve the object, as it will ignite once the firecracker explodes.

PLEASE PASS THIS ON TO EVERYONE YOU CARE ABOUT.”

Of course, you will. Because you don’t want this to happen to anyone you care about. And, besides, it’s just plain scary.

But is it truth, or is it fiction? There are a lot of bizarre and scary emails flying around the World Wide Web these days, and our innate desire to trust the written word makes us likely pigeons. However, two websites (that I know of) have sprung up to help us sort it all out. One is Urban Legends at www.snopes.com, and the other is Truth or Fiction at www.truthorfiction.com. Both sites offer a Table of Contents by way of categories. After you choose the most likely category under which the email in question would appear, a list of relevant one-sentence summaries appears. From there it is easy to obtain information about the email in question. Urban Legends (Snopes) uses red light, green light and yellow light identifiers; Truth or Fiction designates by the words truth and fiction. (Go figure.)

Many emails appear on both websites, but not all, so if it’s important for you to know, I suggest you look both places. It appears from my research that whenever an email is on both sites, the status is the same. The extra effort of checking out an email, before I forward it to the people in my address book who I think need to know, is worth it not only because I haven’t wasted their time and perpetuated a lie, but also because I feel very relieved when I check on a particularly weird, gross or frightening email and find it to be false.

So, back to Spunkball—Is it truth or is it fiction? Rest easy. According to both websites, Spunkball is just a figment of someone’s warped imagination.

—by Barbara Denny

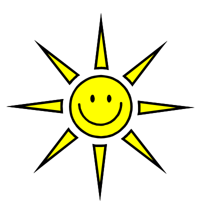
“We had no idea it had started day-trading on its own until we started getting margin calls.”

The Wealth Conservancy Hours and Holiday Schedule

Regular hours
Monday—Friday 8:00 a.m. to 5:00 p.m.

Summer hours—May 26 - September 1, 2006
Monday—Thursday 8:00 a.m. to 5:00 p.m.
and Friday 8:00 a.m. to 1:00 p.m.

Closures
Memorial Day—May 29
Independence Day—July 4
Labor Day—September 4
Thanksgiving—November 23 and 24
Christmas—December 25



Published by
THE WEALTH CONSERVANCY, INC.
1919 14th Street, Suite 319
Boulder, Colorado 80302
303-444-1919
FAX 303-444-1479
www.thewealthconservancy.com
twc@thewealthconservancy.com