

THE PERIODIC PONDERANCE

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Willpower Pushups

I don't mean to ask a silly question, but why is it so hard to resist temptation? When we're tempted (in my case, all day, everyday), we either go for it or we don't and we live with the consequences: we're glad we ate the french fries that came with our sandwich (or, whoops! That's not going to help me lose 10 pounds!) And, yes, we DO need another pair of black shoes (just don't ask me to explain why). But what happens if you go out to lunch with your friend, resist the fries that came with your sandwich, then go shopping and run into the coolest pair of black shoes (or whatever your weakness is) and you really don't need them and you know it, unless you plan on opening a shoe store yourself. Can you resist? Is one instance where you exerted self-control (or not) linked to the next temptation, and the next and the next?

According to neuroscientists Sandra Aamodt and Sam Wang, YES, they are linked, AND our brains have a limited supply of willpower. So, if we give up something (like the french fries), then it's much harder to pass up the next temptation (like the shoes), because we're just plain out of willpower for that afternoon. So, it's OK, right? We can't really do anything about it because our brain's store of willpower has been depleted and that's that.

Wrong. These neuroscientists say that with use, willpower can become stronger (well, there goes that flimsy excuse to buy a new pair of shoes for no reason). So here we are on a new exercise program! But where do we start? How can we begin to exercise the willpower muscle? And, let's face it, we're all asking the



same question (or at least I am), what's the point, anyway?

Well, I guess each of us needs to decide for ourself if there is a point to increasing our willpower. However, I haven't met anyone so far who *hasn't* had a passion, or something they wanted to do, accomplish or enjoy in life, i.e. a goal in the making. Of course, it takes planning to achieve a goal and usually sacrifice (hence the reason to develop the willpower muscle). So, ironically, could the outcome of developing willpower be to get what we want in life? If we look at it this way, it might make it easier to get started.

OK, now for the daunting task of getting started. Here is the most important tip to help you launch your new training program: concentrate on and succeed at one goal at a time until you have enough willpower to take on multiple goals. TWC clients may contact us for a Results Strategizer, which is a tool we use for honing in on a goal; or qualified inheritors may attend the next Inherited Wealth and You workshop this September in Seattle to learn these skills. (Go to thewealthconservancy.com for more information.)

I think I'll start my willpower pushups by changing my motto, a quote by Oscar Wilde which I've always found to be so true, "I can resist anything but temptation," and reading the new book by Sandra Aamodt and Sam Wang, "*Welcome to Your Brain: Why You Lose Your Car Keys but Never Forget How to Drive and Other Puzzles of Everyday Life.*"

By Melissa Hoyer

TWC Happy-nings

Please join us in welcoming Amy Brooke to the front desk of The Wealth Conservancy. If you have had the pleasure of working with her, you've already experienced her warm professionalism. If not, you're in for a treat. We are looking forward to a long and mutually successful relationship with Amy.

WooHoo! Congratulations to Brian for completing the CFP® certification course and taking the final exam. Although the results of the exam won't be available till mid-May, having completed the long and arduous process is worth celebration.

We will be out of the office all day Wednesday, April 30th for our corporate "forward" day. (This is what other companies refer to as a retreat; at TWC we prefer to move forward.) Someone will be at the desk to take your calls and greet you if you happen to come by, but please be aware that we will not be focusing on client matters that day.

Summer Hours will begin Memorial Day weekend and continue through Labor Day weekend. During that time, TWC will close at 1:00 on Fridays.

TWC will be closed Memorial Day, May 26th and July 4th for Independence Day.

Boring

Corner

The Good, the Bad and the Ugly—

Different Forms of Property Ownership and Possible Consequences to You

When discussing estate planning and asset protection with clients, issues of property and ownership often arise. What, exactly, is property? Who owns it? And why does it matter?

Let's examine the situation of John Smith. John and his brother, Sam, purchased a vacation home in Vail in 1980 and visit the home frequently with their families.

Both enjoy using the property and, in their wills, they state that they would like the home to stay "in the family" and would like each family to inherit the property equally. Unfortunately, though, John and Sam owned the property as Joint Tenants, meaning that when John passed away last year, his ownership interest in the property automatically passed to Sam. John's family was left with no ownership interest in the home and Sam's family unintentionally inherited property they hadn't been expecting. Needless to say, if John and Sam had done proper planning and had titled their property differently, the outcome could have been much better.

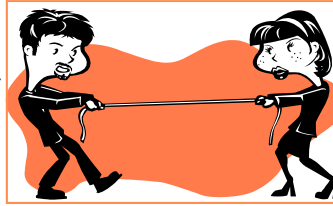
So, how can property be owned, and what are some of the advantages and disadvantages of various types of ownership? In general, property is owned solely or jointly with others. An entity may also own property. The type of ownership of property affects what one can do with it, how it can be disposed of, and how it is taxed. A basic review follows:

Sole Ownership—One person owns the property. Property owned in this form is easy to transfer both during life and upon one's death through the probate process. Sole property may carry a Transfer on Death provision (TOD) in which the asset is transferred to a named individual upon the death of the owner, bypassing probate.

Joint Tenants (with Rights of Survivorship)—This is the most common form of joint ownership and refers to ownership of property by two or more persons where each owner enjoys the same rights in the property and, at death, the property passes automatically to the other tenant(s), without the expense and delay of probate. One unintentional consequence of this type of ownership, similar to the example above, can be that children of a deceased may be "left out" when the property passes to the joint survivor(s). (Also, making someone a joint tenant is an irrevocable grant of an interest in the property and may trigger gift tax consequences—but that is a whole different can of worms.)

Tenants by Entirety (married couples only)—This is almost identical to joint tenancy in that both spouses share rights of survivorship, the main difference being that a part interest cannot be transferred to another individual without the consent of both spouses. Like joint tenancy it

can result in unintentional elimination of ownership; if one spouse dies, the property will pass to the surviving spouse, regardless of the terms of the will.



Tenants In Common (TIC)—This is a form of ownership where the interest in the property is shared by two or more persons. Each tenant has equal right to use or possess the entire property even though they may own unequal shares. Any income and/or expenses produced by the property are generally distributed according to the proportionate share of ownership of each tenant. Unlike other forms of joint ownership, tenancy in common does not provide for survivorship rights and is subject to probate. Tenants may transfer their portions of the property without obtaining consent from the other tenants. Because the percentage ownership by one individual can be easily determined, property owned in this form may be more easily subject to creditors than with other forms of ownership. Also, community property laws override a tenancy-in-common arrangement.

Community Property—(Applies only to the states of AK, AZ, CA, ID, LA, NV, NM, TX, WA, WI)—Property that either you or your spouse acquire during the marriage is considered the property of both of you, with each of you owning an undivided one-half interest in the property. In most community property states, property that either spouse brings into the marriage, inherits during the marriage, receives as a gift during the marriage, or together agree is separate property is considered separate property of the owner-spouse.

Trust—Trusts are entities that own property on behalf of certain persons or organizations (beneficiaries). Property in trust is not subject to probate and, depending on the type of trust, may provide some level of asset protection.

Business Entities (FLP, LLC, S-Corp.)—These entities are formed with a business purpose and own property on behalf of their shareholders, partners or members. Property owned by these entities does not pass via probate, but the shares held (ownership interest) in the entity may pass through probate, depending on the planning done by the owner of the shares.

What does all of this mean to you? You certainly do not need to be an expert in various types of property ownership. It is vital, however, to have someone on your team who does have a thorough understanding of this subject and who can help evaluate the appropriate form of ownership to meet your needs. If you are considering the purchase of property, or if you have questions regarding property you already own, contact your financial or estate planner and ask them to help determine the best type of ownership for you.

By Raquel Hinman

4 x E = CFP®

Have you ever found yourself bewildered by all the different credentials and titles that are used by financial advisors? You're not alone. By some estimates, there are over 70 such titles in use today. Wisely, the state of Nebraska recently took steps to simplify things for its residents. That state's Department of Banking and Finance only recognizes five financial advisor designations to be acceptable for use within its borders.

One of the five recognized designations is the CFP® (Certified Financial Planner™). CFP® practitioners must currently meet four requirements to use the CFP® marks: Education, an Examination, Experience, and Ethics.

The Education requirement includes a bachelor's degree and completion of a CFP Board-Registered Program that covers nearly 100 financial planning topics. The Program normally takes applicants 18-24 months to complete.

The Examination requirement can only be fulfilled after completing the Education require-

ment. The 10-hour exam is offered three times per year and it tests applicants' proficiency in general financial planning principles, insurance, employee benefits, investing, retirement planning, taxes, and estate planning.

The Experience component of the equation is three years of full-time personal financial planning.

The Ethics requirement mandates that all CFP® practitioners adhere to the CFP Board's *Code of Ethics and Professional Responsibility* and *Financial Planning Practice Standards*.

Proudly, TWC has four CFP® practitioners, with a fifth one (me ☺) on the way. I have completed both the Education and Ethics requirements. By the end of May, I hope to have completed the Examination requirement as well. Lastly, I plan to have the Experience requirement wrapped up by September 2010.

By Brian Littlejohn



Do what you can where you are with what you have.

—Anonymous



Kidding Around About Money

As often as it comes up, one would think there is *the* correct way to teach kids about money. Get ready for a shocker—there isn't. Each child is different, and every family has its own values and circumstances. How, then, can parents possibly ensure that their kids grow up financially responsible? They can't, but they do have an obligation to try. But where to start?

The idea for this article came from an article in *The Wall Street Journal*. Columnist Jonathan Clements offers four "tricks" to try with your kids to help them learn money management skills. For example: people will spend large bills more slowly than small bills, and will spend more when using a credit card than they will spending cold, hard cash. So try it with your children's allowances. Give them larger bills and see if it makes a difference. Also, because children are used to spending their parents' money rather than their own, they don't have a strong desire to be frugal with their spending. Try this: give your child \$5 to go on a field trip and tell her you want the change. Next field trip give her \$5 and tell her she can keep the change. Chances are she'll have more money left when she knows she gets to keep it for herself. (To read the whole article, go to: <http://online.wsj.com/article/SB120468099339812197.html>.)

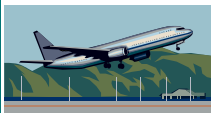
As I was researching for other ideas and finding the same old, worn out, boring tips about teaching kids about money, it occurred to me to see *what I could find out from the kids' point of view*. (Aha!) Not much, actually. But what I did find is worth sharing. There is a kids' portion of the PBS website called "pbskids" (oddly enough), with a section called "It's My Life," which in turn has a section called Money. (The link is <http://pbskids.org/itsmylife/money/>.) There is a menu choice called "Spending Smarts," and there I hit pay dirt (which is, after all, what this article is about). Beginning with "Think Before You Buy!" and continuing through pages talking about spending/saving money on clothes; toys, gadgets and sports gear; food and fun, and other seemingly irresistible commodities, it winds up with "Ten Super Shopping Tips" and a column "From the Mentors." Other menu choices are "Making Money" and "Managing Money." The "Think Before You Buy!" page addresses interesting subjects such as: understanding how companies get us to buy, learning about value, etc.

What I really like about this website is that it's written by kids for kids about kids' money issues, so it's not the usual parent-as-teacher/kid-as-absentee dialogue. If your family could use some insight in this area, check it out. Better yet, have your kids check it out.

By Barbara Denny

Flying Made Easy-er

Myra recently read about a service to expedite her way through airport security. Called "Clear," it's offered by one of three companies authorized by the federal Transportation Security Administration (TSA) to register travelers. After filling out an application online that asks questions, such as social security number and previous addresses, she had to present herself in person at a designated location, show two forms of picture identification, be fingerprinted, and have her irises scanned (just like James Bond!). After passing a background check (apparently, as she received her card and is not in jail) by Verified Identity Pass, Inc., her card arrived in the mail. What the card will do (although, as of this writing, Myra hasn't had the opportunity to test it) is let her bypass the normal security lines at any of the 17 participating airports (more to be added soon). This has to be great news for frequent travelers. For all the details and to sign up go to flyclear.com.



Besides long lines, traveling puts you at risk for another frustrating experience: lost bags. If you've ever experienced it, you know how worrisome and inconvenient it is. (Myra so abhors the thought that she *only* flies carry-on, even if it means shipping a box ahead of time to her destination and then home again.) Here's a tip for recovering your bags (and any other item you want to list) sooner and with little hassle: register your items at BagsReunited.com. This is a free service that will barcode as many labels as you want to put in your luggage tags or stick onto your laptop, etc. If an item is lost, the finder (assuming s/he is honest) follows directions on the tag to inform you of its location and how to retrieve it. Airport personnel are using BagsReunited.com to expedite the return of airline-related losses, which gives us hope that our vacation isn't over by the time we get our bags. For the whole scoop, check out the website.



Estate Planning

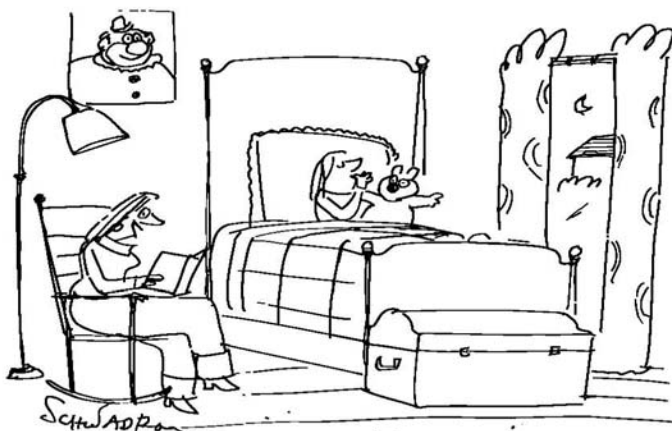
(Die-hard feminist activists need not read)

Dan was a single guy living at home with his father and working in the family business. When he found out he was going to inherit a fortune when his sickly father died, he decided he needed a wife with whom to share his fortune.

One evening at an investment meeting he spotted the most beautiful woman he had ever seen. Her natural beauty took his breath away. "I may look like just an ordinary man," he said to her, "but in just a few years, my father will die, and I'll inherit 20 million dollars."

Impressed, the woman obtained his business card and three day later, she became his stepmother. Women are so much better at estate planning than men.

A Fairy Tale



"And the large brokerage firm's attorneys admitted that the company had given conflicted advice, the CEO voluntarily accepted responsibility, the company restructured to eliminate internal conflicts of interest and voluntarily paid back its customers all that they had lost, the shareholders signed off on the plan because it was in the best interests of the general public, and everybody lived happily ever after."



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