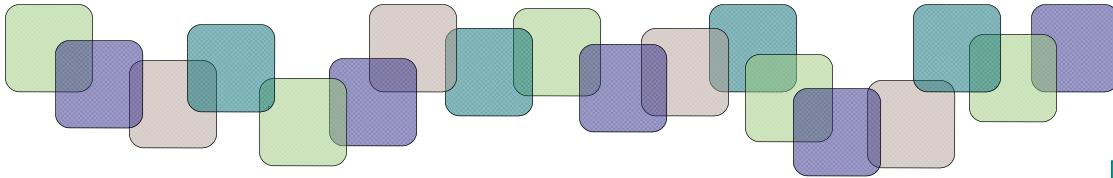


The PERIODIC PONDERANCE

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Honoring your worth/Taking care of your wealth



PRESENTED BY
The **W** **ealth**
onservancy, Inc



Forward—Ho (Hoe?)!

May 13, 2010, dawned damp and chilly. The doors to The Wealth Conservancy offices remained locked. The phones went unanswered. Emails were not returned. One by one, workers appeared at a homeless shelter in Lafayette, Colorado, in jeans and jackets, looking unsure of where to go and what to do. These were the members of The Wealth Conservancy team, stretching their comfort zone to spend a day helping in the community. This is how we decided to maximize our “Forward Day,” TWC’s annual off-site day of “retreat” (a word banished from TWC lexicon because we refuse to go backward) and team-building. Instead of our usual day spent working with a facilitator to guide us through the day addressing topics like what we’re doing right and how we can better serve our clients; how to grow, individually and as a firm; what our goals are, etc., we all agreed to use the day to give of ourselves in a different way.

Jason did a masterful job of finding just the right opportunity for us, no small accomplishment considering that we have to schedule well in advance in order to close the office for a day and to find a day that works for all of us. (In the end, Steve had a pressing family matter and couldn’t participate.) Added to that, many organizations didn’t have the scope for seven volunteers all at once. Finally, everything came together, and we contributed at a shelter in Lafayette run by EFAA (Emergency Family Assistance Association). Since 1918, EFAA has been the community safety net for families who have nowhere else to turn when they can’t meet their basic needs in Boulder and Broomfield Counties (Colorado).

Our “supervisor” Caleb offered us a choice to work indoors doing some general cleaning or outdoors where we could turn our efforts (and various talents) to the lawn. Caleb supplied gloves to those who hadn’t brought their own (Raquel likes to work bare-handed and ended up paying the price for several days with stickers in her fingers), and Brian saved the day when he ran home and came back with a supply of hats to keep the watery sun off our heads.

One could tell that the landscape had originally been thoughtfully planned out and planted—but that must have been when dinosaurs roamed the earth. It looked like it had been eons since any “tlc” had been applied. What a glorious abundance of weeds! So the TWC landscapers chose various tasks and began to transform the yard. We pulled and dug barrows full of weeds—Melissa became certified in pick-axe proficiency that day. We snipped and clipped and picked up trash, and I uncovered a ribbon snake trying to keep warm under the mulch—what a surprise! After everyone had a good look (mostly from a distance), Caleb relocated the snake to a more private area. At the end of the day Myra began putting back together a falling-down rock border—the finishing touch.

Although we didn’t finish the whole lot, the difference our work made was astonishing! Better yet were our feelings of teamwork, camaraderie and accomplishment. And gratitude—for the opportunity to make a difference, of course, but also and more strongly for our own opportunities and circumstances. To enhance the experience further, we were pleased to see that our efforts didn’t go unnoticed by the neighbors: throughout the day an occasional passerby would take time to comment on the difference we were making and say thank you. One woman said we had inspired her to go work on her own yard. What a perfect day!

By Barbara Denny



*There are many ways of going forward,
but only one way of standing still.*
—Franklin D. Roosevelt

On the Horns of a Dilemma

If you are one of our typical clients, you work hard to take good care of yourself. This includes exercising, eating right, meditating and doing whatever it is that you think will help you to maintain a healthy, balanced life. Not only will you be healthy and happy, but hopefully your good habits will lead to lower health-care costs, too, right?

Not necessarily so, reports a study by Boston College's Center of Retirement Research. The study focused on retirees and found that, while healthy retirees do in fact enjoy lower annual healthcare costs (\$6,500 vs. \$8,000), they face higher lifetime costs.

Over their lifetime, healthy retirees could pay as much as \$105,000 more than their unhealthy counterparts. The reason for this is that healthy people can expect to live longer. According to an article in the June 2010 issue of *Financial Planning Magazine*, "At age 80, people in healthy households have a remaining life expectancy that is 29% longer than people in unhealthy households, and therefore are at risk of incurring health-care costs over more years."

In addition, many people who suffer from chronic illness will eventually succumb to them. The Boston College researchers found that people who are free from chronic illness at age 80 could still expect to spend about one-third of their remaining life dealing with one or more recurring health problems.

Lastly, the report found that retirees in healthy households are more likely to need nursing home care at some point, due to the fact that they have a higher likelihood of surviving to advanced old age. If these same healthy people have delayed purchasing MediGap coverage or long-term-care insurance, they may be unable to obtain it or have to pay higher premiums for coverage, again facing higher costs than those who either purchased insurance at a younger age or who died before needing this advanced care.



According to the *Financial Planning* article, "The expected present value of lifetime health-care costs for a couple turning 65 in 2009 in which one or both spouses suffer from a chronic disease is \$220,000, including insurance premiums and the cost of nursing-home care." For couples free of chronic conditions, the costs "are substantially higher, at \$260,000 and \$570,000, respectively."

If one thinks about it, it makes sense that living longer could mean higher overall health care costs. Hopefully, though, people who do manage to live longer also have a much higher quality of life and get to enjoy many years of healthy and happy living before old age begins to take its toll. What the article failed to mention is that healthier people would likely be more productive and, therefore, better equipped to pay their added healthcare costs.

By Raquel Hinman

Surprises and Discoveries

You may remember in the last *Periodic Ponderance* an article that Raquel wrote about outsourcing your paper mail. Well, I have since done so and wanted to report back to you on how it is going. As a reminder, outsourcing your mail looks like this: you change your mailing address with the post office and all of your paper mail is forwarded to a service that scans in the envelopes on a daily basis and posts them to your private online account. You can go to the website to see the mail you got that day and either have it shredded, sent to you, or opened and have the entire contents scanned so you can read the piece of mail and handle whatever it is.

My husband and I wanted to carve out as much time and brain space as we could to relish all of the surprises and discoveries we are having as we raise our toddler daughter (like experiencing the awe in her face when she saw fireworks for the first time or watching her stuff a ball of toilet paper—unused, luckily—in her mouth at the conclusion of a "toilet training" session before I had the chance to "redirect"—ok, so we have a little work to do). So we identified chores that took up a lot of time and were draining us (hmmm... sounds like I've been hanging around Myra!). Going through our paper mail was at the top of the list, especially sorting through junk mail and taking the time – that we would rather devote to doing something more fulfilling – to dispose of it properly (i.e., shred it).

Now, in between checking in with friends and sharing pictures online, we can also glance at our paper-mail inbox online. It takes a little work to get set up (cancelling as much junk mail as possible and changing your address and so forth), but the time it frees up after that is well worth it. We work with St. Brendan's Isle (sbimailservice.com), and they have been great so far. Yay!



By Melissa Hoyer

PERIODIC PROFILES: Eileen and Jon Gallo

with an introduction by Myra Salzer

I don't remember the first time I heard their names. I think it must have been when I went to a lecture at some financial-planning conference sometime in the '90s, most likely on estate planning, where Jon spoke. And, over the years, I've been entertained by them at talks they've given together, mostly on raising children of wealth. I remember, also, a number of years ago, an LA inheritor client was seeing Eileen in her private practice. Then, a few months ago, right before another lecture they were about to give, I went up to them to explain that I would be walking into the session after they started and that I was sorry I couldn't see the beginning of it and that I meant no disrespect. Eileen asked me my name, which she recognized. We spoke a little after their session and agreed to build on that connection. Shortly after that I was in LA and we met for lunch and to do the interview at Jon's office. Unfortunately, there was a glitch with the recorder that resulted in the first interview being unintelligible, and Jon and Eileen graciously offered to retape the interview by phone. Here is the result of the second interview:



Eileen and Jon Gallo
– Photo by Jon Gallo

“Did you ever see the movie *Heaven Can Wait*?” asks Jon Gallo of Myra. “It’s a remake of a 1940s film. Warren Beatty plays a football player who is injured in a training accident, and he has an overeager trainee guardian angel who takes him up to heaven before he died, and he protests because ‘he ain’t dead.’ Before they can bring him back to Earth, the earthly authorities have already disposed of his remains. He’s been buried. The only person they can bring him back as is this evil industrialist who has just been poisoned by his wife’s boyfriend.

“What I tell [my clients] is, ‘Look, I want you to pretend that you have this overeager guardian angel who takes you up to heaven prematurely, and you really didn’t die, you just had a heart attack or something. And by the time we can bring you back to Earth, your will has been probated and all your assets have been distributed into trusts for your kids. And the only person who we can bring you back as is the trustee. You are dead, but you’ve been reincarnated as the trustee of the trust for your kids, and it has all of your wealth in it. Would you please tell me, what could your kids be doing with that money that would delight you, and what could they be doing with that money that would really cause you great distress. If you will think about those questions, we can articulate what your values are, and we can then write a trust that tries to encourage those values, if you think that is important for the next generation.’

“That’s actually the approach I take with clients. It takes a few minutes to give them the background, but when you ask them those questions, they then begin to think really hard about how the next generation might be using their money and what the values are they would like to inculcate.”

John Gallo, J.D., is head of the Family Wealth Practice Group of Greenberg Glusker Fields Claman & Machtinger, LLC, a law firm in Los Angeles. He combines 40+ years of experience as a tax attorney specializing in estate planning with a deep understanding of the psychological and emotional issues of family wealth. In 43 years doing estate planning “you find out that most of your time is spent talking to your clients about the effects of money on the family and how to pass the money down the generations in a way that is helpful rather than hurtful,” he says, “So basically my practice is an estate planning practice with heavy emphasis not only on the technical but also on the psychological and emotional issues.” He has co-authored two books, *Silver Spoon Kids: How Successful Parents Raise Responsible Children* and *The Financially Intelligent Parent: 8 Steps to Raising Successful, Generous, Responsible Children*.

Eileen Gallo, Ph.D., is the co-author of the books. She is a licensed psychotherapist in private practice assisting individuals and families with the psychological and emotion issues related to money, children and family wealth. Together Eileen and Jon have been writing and lecturing on these topics since 1987. They are also married to each other.



Flower
– Photo by Jon Gallo

Dr. Gallo describes her practice: “I have a private psychotherapy practice where I see mostly adults, some families. I also do some consulting work with them. John and I do some presentations and some consulting work together.

“Part of the practice is focused on money-related issues and part is general issues of anxiety, depression, grief—general psychological issues. And then John and I do presentations together on mostly children and money, family wealth, but we also do some work in the area of psychological issues related to estate planning.”

(See “Gallo,” continued on page 4)

(“Gallo”, continued from page 3)

About their books, Jon says, “Our books really are not books on childhood education, per se, they are books on parental education. We’re basically writing for parents and for what parents need to know about their own attitudes towards money; how their behavior is reflected in their children’s behavior and things that parents should be serving as roles models for, such as family philanthropy. We view ourselves really as educators at the parental and grandparent level because when we work with families, we work with the adults rather than working with the children.”

“Sort of like hiring a dog trainer to train the owner rather than the dog,” Myra interjects.

“Exactly! As a matter of fact,” Jon continues, “we have a one-year-old puppy, and we did hire a dog trainer. And I would say that 75% of what he did was to talk to us about what we needed to do around the dog and how we needed to behave, and how we needed to set limits. Probably only 25% of it was working with the dog.”

Besides writing books together, Eileen and Jon have been “hired as advisors to the court in situations where there are large sums of money being inherited by someone who lacks legal capacity—it might be a minor; it might be an elderly adult—how do you transfer that wealth down to the next generation. Or, if it’s passing to a minor, how do you help that minor manage it.”

They also work together when “couples come to us and they are having issues over money. There are usually complex trusts in effect, and part of the time is spent helping them understand the vehicles. A lot of fighting, a lot of misunderstanding exists over what their rights are, as well as [understanding] their responsibilities as a beneficiary. Or what are the responsibilities of a trustee for their siblings besides how to make investments. So quite often there’s a legal component where Jon is involved helping them understand the documents and Eileen and Jon are jointly involved in helping clients deal with the emotional and psychological side of the estate plan. In scenarios in which the issues fall almost entirely on the emotional and psychological side, it’s Eileen’s ‘bailiwick.’”

Jon goes on to explain that when there are issues over money, they can be legal issues, financial issues, and emotional issues. “I think the distinguishing factor for the two of us is that we cover that entire range, as sort of a combined package.”

Eileen and Jon share an interest in photography. While Jon’s interested in the technical aspects of the “digital revolution” that has “combined computers and cameras,” Eileen “focuses” on composition. In preparation for a trip to Africa next year, they are taking photography classes. Jon would like Eileen to have more technical expertise for that trip so she’s able to operate the camera and lighting that is so different and complex now than in the day of the old film cameras.



Hurricane Ridge
– Photo by Eileen Gallo

Eileen has always been interested in exercise. “I’ve been spinning for a couple of years and I’m also doing Pilates.” And it’s important to her that Jon exercise. But Jon is happy being an observer of exercise: “I can watch her exercise forever.” When they realized that her nagging him about exercising and his nagging her to become a more digitally knowledgeable photographer wasn’t really working, they made a deal: for the time Jon spends on the treadmill, Eileen spends in a technical class on the camera. And they’re actually doing it.


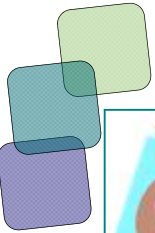


Oliver
– Photo by Jon Gallo

Married for 25 years this month, their three children (Eileen has a son from a previous marriage, and Jon has a son and daughter also from a previous marriage) are grown and no longer living at home. They enjoy their grandchildren and their puppy Oliver, “who is a Cavalier King Charles Spaniel,” Jon tells us. “Oliver is the 4th King Charles we’ve had and is the great, great, great grandson of our first dog’s sister, so he’s part of the family several different ways.” Eileen describes Oliver as “a beautiful puppy who last night ate one of our consulting checks—teething on the consulting check which was on Jon’s desk. We find it under the table, and he’s eating it.” Adds Jon, “However, the signature is still on the check, it’s not in his stomach, so maybe the bank will accept it!”

My dog ate the check? Yeah, right!

We keep moving forward, opening new doors, and doing new things,
because we're curious and curiosity keeps leading us down new paths.
– Walt Disney



A Senior Moment, or . . . ?

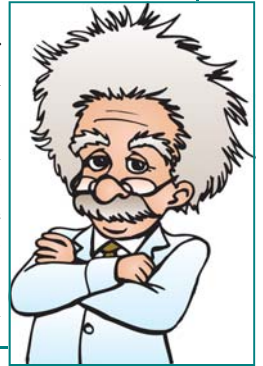
Getting older means getting wiser, right? Unfortunately, that may not be the case when it comes to one's financial prowess. A recent study by the Investor Protection Trust (www.investorprotection.org) found that a staggering 20% of Americans over the age of 65 have been taken advantage of financially. This includes being convinced to make an inappropriate investment, being charged unreasonably high fees for financial services, and being sold fraudulent investments.

Why are elderly Americans particularly prone to financial scams? It turns out that the culprit is mild cognitive impairment. Mild cognitive impairment is brought about by changes in the brain and is the transition stage between the cognitive decline of normal aging and the more serious problems caused by Alzheimer's disease. It negatively affects its victims' reasoning and judgment skills, making them more likely to engage in risky behavior. Nearly 35% of Americans over the age of 71 have either mild cognitive impairment or Alzheimer's disease.

The good news is that people are becoming increasingly aware of these potential vulnerabilities in older Americans. In fact, several large financial and medical organizations have recently joined forces to combat the problem by enlisting the help of medical providers who treat elderly patients on a regular basis. The providers will start asking high-risk individuals a battery of questions about their financial affairs in order to determine if they are being victimized or not.

A good lesson to be learned at any age: do your due diligence and ask questions before you turn loose of any money (or any personal information). At The Wealth Conservancy, we welcome questions from our clients and potential clients and offer references. Any reputable financial representative should be willing to offer substantiation of any service/product offered and be forthcoming with references. And of course, keep repeating the age-old truth: If it sounds too good to be true, it probably is.

By Brian Littlejohn



From the Inbox

The economy is so bad . . .

I got a pre-declined credit card in the mail.



I ordered a burger at McDonald's and the kid behind the counter asked, "Can you afford fries with that?"

CEOs are now playing miniature golf.

If the bank returns your check marked "Insufficient Funds," you call them and ask if they meant you or them.

Hot Wheels and Matchbox stocks are trading higher than GM.

McDonald's is selling the 1/4-ouncer.

Dick Cheney took his stockbroker hunting.

Motel Six won't leave the light on anymore.

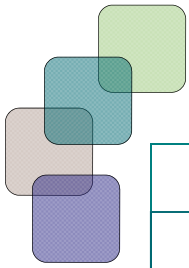
The Mafia is laying off judges.

Exxon-Mobil laid off 25 congressmen.

And finally . . .

Congress says they are looking into this Bernard Madoff scandal. Oh great!! The guy who made \$50 billion disappear is being investigated by the people who made \$1.5 trillion disappear!





What's Up?

Wow! Seems like a million things are going on at TWC lately. Where to begin . . .

Addressing portfolio management in this ever interesting economy, Steve gave his perspective and answered participants' questions and concerns at the Casey Research Crisis & Opportunity Summit's "Out of the Eye of the Storm" conference held in Las Vegas April 30 – May 2, 2010. Steve was joined on the panel by Terry Coxon of Casey Research.

Myra was invited by the Jewish Community Foundation to participate in a panel discussion entitled "Money and the Family Dynamic." The breakfast discussion took place at the Grand Hyatt Hotel in Denver on May 4, 2010. Other panel participants were: David Cohn, *David Cohn & Assoc.*; Sheldon H. Smith, *Holme Roberts & Owen LLP Attorneys at Law*; Judge Jean Stewart, *2nd Judicial District Court*; Peter F. Tedstrom, *Brown & Tedstrom Wealth Management* and John A. Warnick, *Family Wealth Transitions & Solutions*.

Melissa kicked off our new sabbatical policy (which is an awesome new perk that we are all very excited about!) by taking the entire month of June off. Barbara is next and will be out of the office from August 1–August 31. The purpose of this innovative policy is to give our people a block of time to refresh and renew in an effort to stave off burnout.

Jason celebrated his 1st anniversary with TWC in June. (And, just for the record, Myra started her practice in 1983, Barbara's 12th anniversary, Steve's 10th and Brian's 3rd are all coming up in September. Raquel is coming up on her 3rd anniversary in November, and in January Melissa will be here six years!)

Myra will be presenting "Family Matters Matter," a talk co-presented with Kathy Wiseman of Working Systems, Inc. at a Financial Planning Association symposium on July 15th.

Raquel has accepted a position on the Board of Trustees for the Mental Health Foundation serving Boulder and Broomfield Counties.

Myra's second book, *Living Richly: Seizing the Potential of Inherited Wealth* will be published and available for purchase soon. We're thinking no later than the beginning of September. From the reviews we've gotten so far, it looks quite promising.

Recently Myra has been invited to join the Women Presidents Organization and the Purposeful Planning Collaboration. She will be speaking at Purposeful Planning Collaboration in October.

TWC Summer Hours and Holiday Closures

Office hours: Monday - Thursday 8:00 a.m. – 4:30 p.m.; Friday close at 1:00 (Note: Beginning September 10 we will close at 4:30 on Fridays.)
Closed July 5 for Independence Day.
Closed September 6 for Labor Day.



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