

Insights

BUILDING
AND PRESERVING
YOUR WEALTH



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An Age-by-Age Guide to Financial Growth

Each phase of your life calls for a strategy tailor-made for your
evolving goals and aspirations



Thriving at All Ages



I've changed a lot in the years since my first job and the start of my career. Not only have I grown as a person and a professional, but the focus of my life has changed since starting a family. As a result, my financial needs and priorities—and my perspectives on them—have changed as well.

A dynamic financial plan doesn't remain static. It responds to your current life stage, even as it stays grounded in your personal long-term goals and risk tolerance. This issue of *Insights* can help

you assess what your needs might be—at any age. For perspectives on how your plan for pursuing your goals might shift, take a look at “An Age-by-Age Guide to Financial Growth” (page 6).

“The Big Picture” (page 13) offers a veteran demographer's take on how priorities and values change across generations, while “When I Was Your Age...” (page 3) provides a fun, visual snapshot of how Boomers, Gen-Xers and Millennials view money and financial goals. Then read about how you can develop a thoughtful approach to stepping down from running a small or family-owned business in “3 Steps to a Graceful Exit” (page 10). And if you're looking for ways to generate investment income, “Where to Find Income When Rates Stay Low” (page 4) offers some fresh ideas.

Your Wealth Advisor can help you find ways to keep your financial plan on track and aligned with the goals that are most important to you, no matter what your stage of life.

Kate R Danella

KATE RANDALL DANELLA
EXECUTIVE VICE PRESIDENT
REGIONS PRIVATE WEALTH MANAGEMENT



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WHAT YOU NEED TO KNOW FOR YOUR MONEY, FAMILY AND LIFE.



A Vacation for the Whole Family

Whether you're planning a cruise, a road trip or a lazy week at the beach or a lake, here's how to get the most out of a multigenerational vacation.

There are few grandparents who haven't contemplated taking their adult children and grandchildren on a trip to a Florida theme park, a snowy ski resort in the Rockies or maybe just a cabin on a lake in the summer.

But planning a trip for multiple generations can come with challenges. How do you accommodate varied interests? And on a more prosaic level, who pays for what? Tough questions, but they're not insurmountable, says Mike Weingart, president of the American Society of Travel Agents southwest chapter in Houston, Texas, who has helped plan many family trips. Here are his suggestions.

1. Solidify your budget. Before you begin anything else, develop a budget based on an amount that won't undermine your finances. Then, plan the trip around the budget rather than backing into one. It may sound a bit dull, but it will ultimately make the trip more fun, Weingart says.

2. Spell out financial roles. Be clear about expectations from the very beginning. To avoid awkwardness, explain your thinking when you issue the invitation, especially about what's covered, what's not, and who's reimbursing whom, says Weingart. For instance, you might specify that while you're renting the house and paying for everyone's plane tickets, you'll all chip in together on groceries and any recreational extras.

3. Start early. “I recommend planning 12 to 15 months in advance,” Weingart says. That way you can get better deals, possibly book group reservations, and have plenty of time to sort through itineraries and transportation logistics.

4. Consider your goals. If the idea is just to hang out as a family and you want to satisfy a wide range of ages and interests, an all-inclusive option—such as a resort, a cruise or a dude ranch—can “take care of details, so you can focus on having a good time together,” he says. Other options, like a trip to Europe, will require more planning and offer a different kind of fun, so make sure you're choosing the type of vacation that fits your family's style and inclinations.

Once you find a vacation that fits with everybody's expectations and budget, you're ready to mark your calendar and go have the time of your life. ▲

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PAMELA JOE/FARLANE/GETTY IMAGES

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Produced in partnership by Regions and Time Inc.

For Fintech, The Future Is Now

Whether it's casually splitting a check or carefully managing a trust, new technology is making managing finances simpler.

When most people think of e-commerce and fintech (financial technology), they're likely to think of things like virtual currencies, such as bitcoin, or advanced algorithmic trading schemes. But the fact is that fintech has *already* entered our daily lives, offering new advantages and opportunities.

Simplifying complex portfolios As customers begin to expect more personalized and holistic financial experiences, fintech is delivering improvements not only with day-to-day transactions but also with complex financial matters.

Regions, for instance, is rolling out the Regions Wealth Platform (RWP), a new online interface that makes trust and investment management more accessible and transparent for customers.

RWP will let our clients check important trust-related information and even perform vital account management functions from

almost anywhere, using Regions' secure cloud-based technology. "It provides a state of the art digital interface for our clients," says Kate Randall Danella, Head of Regions Private Wealth Management. "Many transactions are made more quickly, and advisors can respond to client needs more efficiently."

"With this new technology, Regions Wealth Management professionals can spend less time on paperwork and more time creating tailored solutions to help clients reach their goals and objectives," says Andy Hernandez, Head of Regions eBusiness. "After all, the role of fintech—really any banking technology—should be to simplify customers' lives, to make life better."

Eliminating IOU moments Even once-casual transactions that were traditionally considered cash-based—like buying an antique lamp at a flea market—can now be handled by digital e-wallets like Regions Personal Pay®.

Another example: Think of those semi-awkward moments when you split a check or share a cab with a friend—one of you picks up the tab, while the other promises to repay what's owed at some point in the future. "With the emergence of digital wallets, you can make personal and previously cash-only payments on the spot, with just your phone," says Hernandez.

And Regions is part of that digital-wallet movement. With Regions Personal Pay®, you can send money from your account to anyone with a U.S. bank account, quickly and securely. All you need is that person's email address or mobile phone number. When you send the funds, they'll receive an email or text message with instructions on how to claim them through the Popmoney® network.

Regions knows that when bringing cutting-edge technology to customers, the first priority is that it is both secure and accessible. That's the only way for these advances to become more than just bells and whistles, but a new and improved part of everyday life. ▲

TABLE AND HANDS: VASILY PINDURIN/GETTY IMAGES; MOTION BLUR: PM IMAGES/GETTY IMAGES

When I Was Your Age...

Across the generations, attitudes toward settling down and financial risk have shifted with the times, as well as with such things as changes in interest rates and the cost of college. It adds up to some interesting generational differences.

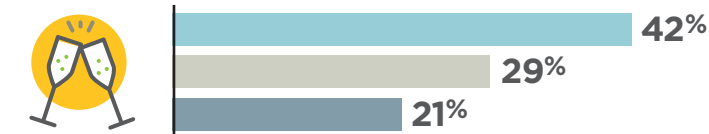
When I was 30,* school loans were this much of my generation's installment debt¹:



Which may explain why the percentage of my generation who had credit card debt² was:



Though it should be said that the percentage who were married when 18 to 28 years old³ was:



And that this many of us as young adults lived at home or with family members⁴:



This may be related to why my generation started to save for retirement⁵ when we were, on average:



*Assumes that Baby Boomers were born in 1962, Gen-Xers in 1974 and Millennials in 1983 (so that they were 30 years old in 1992, 2004 and 2013, based on data from the Federal Reserve Survey of Consumer Finances).

^{1,2} "Survey of Consumer Finances," Federal Reserve System, 2013

^{3,4} "Millennials: Confident. Connected. Open to Change," Pew Research Center, 2010

⁵ "Understanding the Millennial Mindset for Saving and Investing," Carbon Xprint, 2015



THE BASICS

Pay Your Kids to Do Chores?

Insights on how to use allowances and household tasks to teach your children financial values.

You see a dishwasher that needs to be emptied and a kid who needs to learn about financial responsibility—why not simply pay your child to unload the dishes?

One reason—aside from the common belief that doing chores is simply part of being a family—is that research has shown that using external rewards, like money, often creates a situation where the desired behavior stops when the reward does, says Anita Vangelisti, Ph.D., professor of communication studies at the University of Texas at Austin. Internal rewards, she says—such as a feeling of satisfaction—are likely to have longer-lasting effects.

So if you don't pay, how do you teach children financial responsibility? These simple approaches could help.

GIVE AN ALLOWANCE.

With the right guidance, this can be a great tool to build sound money habits, says Vangelisti, "but you have to stick to your guns." Once you've settled on a fair allowance, don't give in to pleas for more if your child spends it all.

TEACH THE POWER OF SAVING.

You can guide kids to allocate part of their allowance for future use. Don't worry if they earmark their savings for something dumb, like a cheap toy. "Saving helps them learn to postpone instant gratification and understand the value of working for long-term goals," Vangelisti says.

PAY FOR SOME CHORES.

Help them develop a work ethic by paying for extra tasks beyond the basic ones. "You might pay for the kind of chores where kids say, 'Ugh, this is something that we don't usually have to do—but we'll get a reward for doing it,'" Vangelisti explains. ▲

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Where to Find Income When Rates Stay Low

Until interest rates move higher, finding the income you need means choosing from a range of bonds, stocks and other investments.

For those who've been waiting years for a decent source of investment income, the Federal Reserve's recent decisions to continue raising short-term interest rates have offered a hint of good news. Any upward pressure on yields is welcome, and the Fed's moves—hiking the federal funds rate by a total of one percentage point since late 2015—also underscore its confidence that the economy is on solid ground.

Yet immediate relief is unlikely, says Alan McKnight, Chief Investment Officer for Regions Asset Management. “We don't believe bond rates are going to go appreciably higher over the next year,” he says. “Historically, bonds have

returned roughly 5%. Now we expect them to generate 2% to 2.25% over the next seven to 10 years.”

And so the search for yield continues. While looking for ways to squeeze the most out of various kinds of bonds, you might also consider stock dividends, as well as income from master limited partnerships (MLPs) and real estate investment trusts (REITs). Overcoming investors' persistent “home-country bias” and holding overseas investments could also help.

The combination of income-generating holdings that works for you depends on your needs and your ability to accept various kinds of risk. For bonds, this includes “credit risk”—the possibility

that the company or government agency issuing the bonds won't meet its obligation to make regular interest payments and return your principal when the bonds mature. Whatever your situation, you're likely to choose from among several of these sources.

• Investment-grade corporate bonds “Investment-grade” means that these bonds have a lower credit risk than other bonds from corporations; they tend to offer better interest rates than government bonds of comparable maturities. “Yields on investment-grade corporates aren't as high as they once were, but this is still probably the most attractive place to invest in

fixed income,” says David Franklin, Portfolio Manager for Regions Asset Management. But their popularity tends to push up the prices of these bonds—and that will prevent yields from rising much, notes McKnight, because when bond prices go up, yields fall.

• High-yield corporate bonds Because these are rated below investment-grade bonds, companies have to issue them with higher initial interest rates to attract investors. That's appealing, but these bonds have the same potential problem that affects investment-grade bonds: Prices rise as money flows in, reducing yield.

There's another issue as well, says Brandon Thurber, Director of the Investment Research Group for Regions Asset Management. “High-yield bonds can be quite volatile and trade more like stocks than bonds,” he explains. Good economic news tends to buoy both kinds of investments, but if the economy flags, the prices for both could decline.

• Municipal bonds Issued by state and local authorities, most municipal bonds pay interest that's exempt from federal income taxes and sometimes from state taxes as well. Although coupon rates on municipals are lower than those on comparable corporate bonds, munis' effective, after-tax yield may be higher. “There are still attractive municipals,” says Franklin, “but you have to focus on quality.”

• Dividend-paying stocks In recent years, investors searching for yield have frequently looked to stocks that pay dividends. Stocks are generally more volatile than bonds, and companies that issue dividends can choose to reduce or end the payouts. But they can also increase dividends, and seeking out such companies may

“You have to be comfortable with the fact that, in terms of generating income, there are going to be years when you won't meet your short-term goals.”

—David Franklin,
Portfolio Manager,
Regions Asset
Management

be an effective strategy. “That's where we want to be—in the stocks that are continuing to grow their dividends,” says Franklin. “These companies have balance sheets that remain incredibly strong, and they may decide to provide additional dividends down the road.”

• REITs and MLPs REITs, which invest primarily in commercial real estate, and MLPs, which tend to hold assets related to energy production, have both performed well for investors looking for assets that produce income, says Franklin. “They've provided an income higher than what you can get from bonds, and prices have appreciated in certain time periods over the past five years,” he says. But REITs and MLPs are tied to the fortunes of their respective industries, and REITs in particular have become relatively expensive—at the same time that some have been hurt by retail store closings that affected their properties. MLPs may be a better value now, says McKnight, although he notes that they could be affected by ongoing fluctuations in energy prices.

• Bonds from overseas “Home-country bias is alive and well,” says McKnight, “even after decades of globalization.” Yet, in the search for yield, staying at home could mean missing out on opportunities in the wider world. Also, in a global economy, a fully diversified portfolio needs to include international holdings. “The U.S. has outperformed global markets of late,” says McKnight. “But international markets are expected to pick up again.”

Given the low rates that still prevail in developed markets, emerging market bonds are more interesting, says Thurber, with some offering 5% or 6% coupons. But he notes that international investments bring additional risks—such as political upheaval that can affect financial markets and fluctuating currencies that can cut into investment profits when they're converted back into U.S. dollars.

Finding the right combination.


Your Wealth Advisor can help you consider how the characteristics of these investments fit your particular situation.

But as you wait for better opportunities to return, patience may be the greatest virtue. “You have to be comfortable with the fact that, in terms of generating income, there are going to be years when you won't meet your short-term goals,” says Franklin. “You need to maintain your focus on your long-term goals and not just reach for every bit of yield you can get in the current environment.” ▲

Talk to your Regions Wealth Advisor about:

- Finding the right combination of investments to fit your unique situation and goals.
- Ways to potentially increase your investment income if yields remain stubbornly low.

* PLEASE SEE ADDITIONAL DISCLOSURES OPPOSITE PAGE 1



An Age-by-Age GUIDE *to Financial* GROWTH

Each phase of your life calls for new ways to protect your money, ensure liquidity, and keep growing for the future.

With Americans living longer and switching careers more frequently than ever, there's unprecedented time and freedom to reinvent oneself, try new experiences, and take exciting, calculated risks at every age. Yet that freedom requires individuals to thoughtfully and carefully plan their financial moves at every phase, whether you're just starting out or are well into retirement.

Standard stock-to-bond ratios that made sense in the age of predictable 40-year careers at a single company no longer apply. Today, saving and investing for long-term growth should be more customized and personal, says Alan McKnight, Chief Investment Officer for Regions Asset Management. While the general rule of becoming more conservative as retirement approaches still holds, he says, "it's really about understanding your personal goals and the risks you are able to take to achieve them, and then setting a plan to get there." A "playbook" suited to each decade of your life can help.

STEVE COLE IMAGES/GETTY IMAGES

Your 20s and 30s

Today’s graduates can expect to change jobs four times by age 32, twice as often as those who graduated during the late 1980s.¹ Millions more won’t take formal jobs at all but will instead enter the “gig economy” as freelancers. All of which only underscores the importance of developing a solid financial foundation and habits on which to base a career path that may be anything but predictable.

Though your starting salary may be low, sign up for your employer’s 401(k) plan, if one is offered, and contribute enough to gain any company match. If your employer doesn’t have a plan, or if you’re self-employed, consider starting a traditional or Roth IRA. Contributing pre-tax earnings to an IRA helps you save more, and small contributions now can make an outsize difference later on as your savings, if reinvested, compound and potentially grow.

“The earlier you can start, the more compounding can benefit your savings,” says Brandon Thurber, Director of the Investment Research Group for Regions Asset Management. Don’t wait until you’re in your 30s to start saving, Thurber says, because “losing an entire decade of compounding can be extremely difficult to overcome.”

Another lifelong habit is learning to budget. “Overspending is a trap that young people sometimes fall into,” says David Franklin, Portfolio Manager for Regions Asset Management. Building an emergency cash fund could help you avoid high-interest credit card bills or disrupting your long-term investments when unexpected expenses arise.

As you advance into your 30s, increase your savings contributions while your salary grows. By now, you’ll likely be thinking about big-ticket goals

¹ Guy Berger, “Will This Year’s College Grads Job-Hop More Than Previous Grads?” LinkedIn, April 2016

“The earlier you can start, the more compounding can benefit your savings.”

—Brandon Thurber, Director, Investment Research Group, Regions Asset Management

such as starting a family or buying a home. And, even though it’s decades off, now’s the time to start thinking about the retirement you envision for yourself.

Investing: While conventional wisdom holds that a mix of stocks and bonds is appropriate for all investors, those in their 20s and 30s may want to consider an all-stock portfolio, Thurber says. “Your long-term investing horizon allows you to take on more risk,” he adds. But even with all or mostly stocks, diversifying is important, Thurber says. For example: Consider a range of U.S. and international stock funds. Don’t invest in just one company.

Your 40s and 50s

“These are likely to be your prime earning years,” McKnight says. “So it’s really a critical time to save and invest as much as possible.” Just as important, he adds, is thinking carefully about what you’re trying to achieve—from retirement, to college educations for your kids, to a new business venture, or even buying a vacation home.

Education and retirement are necessities, McKnight says. “On the other hand, a beach house is totally discretionary.” Thus, while your retirement investments may emphasize conservative growth and principal protection, you might be willing to take higher risks when investing toward that second home—with the expectation that higher returns could

enable you to buy your dream house.

Even within a broad concept like retirement, there’s room to plan and invest toward specific preferences. A careful analysis of your income, assets, expenses and other goals might reveal that retiring at 62 would require you to take on higher risks with your investments. If that makes you uncomfortable, “you may have to make trade-offs,” McKnight adds—for example, scaling back on your current expenses, adjusting your other goals or adding a few more years to your retirement date.

Investing: Now that you have less time until retirement to recover from a potential stock downturn, bonds can provide ballast for your portfolio. But work income most likely means you don’t need immediate liquidity from bonds, Franklin notes, and “you may want to have more stocks in your portfolio to generate more growth.” For those necessary goals such as retirement, stocks may be more heavily weighted toward large, lower-risk U.S. companies, while more aspirational goals may call for stocks with a higher risk and reward profile, such as emerging markets.

Your Regions Wealth Advisor can talk with you about other approaches that may help you mitigate market swings if they’re appropriate for your situation.

Your 60s and beyond

If you’re heading into or are already in retirement, a top priority, of course, is replacing work income. “It used to be that you could just buy bonds at whatever level you needed to match your liabilities,” McKnight says. “Today, that’s really difficult to do.” Bond yields have been stuck in low gear for years—a situation that’s not likely to change even though interest rates have begun to rise, McKnight says.

Longer lifespans also make it important to keep some of your portfolio in stock and other growth-oriented

investments, McKnight says. Over the years, as you begin to draw down on your investments to meet living expenses, your advisor can help you structure an appropriate plan. That may mean taking only required minimum distributions from tax-advantaged savings plans, and tapping other resources first. “It often makes sense to let tax-deferred accounts grow for as long as possible before taking distributions,” Franklin says.

Investing: As an alternative to low-yielding government bonds, investors seeking income in retirement might look to high-grade corporate bonds, which may offer higher yields at slightly higher risk. “We think that companies are in good shape and they have high cash levels, strong balance sheets,” McKnight says. Other potential sources of income may include dividend-paying stocks, or more specialized investments such as master limited partnerships. (See “Where to Find Income When Rates Stay Low,” page 4.)

Help for the journey

Looking out toward a long lifetime of saving and investing, and planning

Staying Steady

When it comes to investing for life, hanging in there could be as important as what you invest in.

Over decades of investing, any investor is bound to see periodic and unsettling market dips to go along with the gains. “Everyone loves those years of 10%-plus gains,” says David Franklin, Portfolio Manager for Regions Asset Management. It’s during the disappointing periods that the temptation to abandon markets may be greatest—and most damaging to your portfolio—but sticking with your investment plan and riding out the rough spots can make all the difference.

Say, for example, a hypothetical investor invested \$10,000 in the S&P 500 starting in January 2006 and remained invested through the end of 2016. Even factoring in all of the market volatility and wild swings

during those years, that investor would have averaged a 7.5% annual return, and the investment would have grown to almost \$22,300, notes Brandon Thurber, Director of the Investment Research Group for Regions Asset Management.**

By contrast, an investor who got nervous and pulled money out when markets were volatile, only to buy back in later, might miss key gains on days when the market performed well. And just a few missed days can have huge consequences. By missing just the 20 best individual days across that same stretch, the investor would have experienced an annual return of -2.75%, with that \$10,000 initial investment dropping to \$7,350 by the end of 2016.**

** Examples based on historical S&P 500 returns reported by Morningstar Direct.

for all of the unexpected twists and turns may seem daunting. Fortunately, this is not a journey you need to undertake alone. “Until you really start to talk with your spouse or partner and your children, you may not know if you’re truly on the same page with your most important goals,” McKnight says.

Your Wealth Advisor can be an essential partner in this process, McKnight says. “It’s incredibly valuable to sit down at each stage and say, okay, where do we stand? Together,

you can explore and identify the paths that you’ll need to take to achieve your goals.” ▲

Talk to your Regions Wealth Advisor about:

- Adjusting your investment strategy to match your stage in life.
- Ways you might be able to increase your savings—and ideas for how to invest them.
- Completing a Regions Wealth Assessment to design an investment strategy to help you meet your goals.



3 Steps to a Graceful Exit

If you've been your own boss at your own business, you may feel irreplaceable. But if you do it right, you can hand over the reins with confidence and peace of mind.

Running a family business can be all-consuming—especially if multiple generations are depending on the business for their livelihoods. That's all the more reason, says Dave Olson, Area Wealth Executive for Regions Private Wealth Management, “for family business owners to carve out time for succession planning. If you wait until you're ready to retire, it may be too late to nurture a next-generation leader or put a succession plan in place.”

Getting started doesn't need to be complicated—much of the process can and should be integrated into the regular workings of your business, says Olson. Here are three fundamental moves that form the

framework of successful business succession.

PREPARE THE BUSINESS

Having built their companies from scratch and managed every aspect of running them, many entrepreneurs naturally think of themselves as irreplaceable. That may be true, but successful succession requires that they reframe that perspective. A key goal of succession planning should be developing your business to the point that it doesn't need you anymore.

Part of making yourself obsolete is developing a long-term strategy that will provide directional guidance long after you've moved on. Another

part is building a team of people who, together, can take over your multitude of roles. Presumably you'll want family members to fill many of those jobs, so nurturing their business and leadership skills should become a key focus. (See “How to Prepare the Next Generation” for tips.) You'll also want to start identifying and preparing a successor from your family—not a replacement, but someone capable of leading the company you built. If you're appointing one of your children, more often than not one sibling is better equipped (by experience, temperament or both) to lead a business than the others are—but you shouldn't anoint your

successor by fiat. Ideally, you'll spend years building a consensus among employees and family members.

PREPARE YOUR FAMILY

Family-business succession can be a minefield of interpersonal conflicts with the potential to destroy businesses and families alike, notes Olson. Siblings can be hyperaware of any inequality in the distribution of responsibilities or money. And many business owners and their kids wrongly assume that siblings who choose not to be involved in day-to-day operations have thereby given up claims to an ownership stake.

Of course, adds Olson, “equality means different things in different families. Sometimes it's the money that matters; sometimes it's decision-making power.” What's crucial is that you and your family have the frank conversations required to understand one another's expectations.

Formal structures can also help create balance when there are questions of fundamental fairness. One key move, notes Stephen McClure, a principal consultant at the Family Business Consulting Group, is to formally differentiate between management of a family business and its ownership. You might, say, give one child the CEO job (and salary) but insist that ownership—and the company's profits—be shared evenly.

McClure also recommends setting up regular off-site family meetings, where parents and siblings—both those involved day-to-day and those who are not—can discuss succession, resolve any disputes or problems without disrupting operations, and build a shared set of values and long-term goals for the company.

PREPARE YOURSELF

The hardest part of family-business succession is letting go. Entrepreneurs, after all, tend to have their identities bound up

How to Prepare the Next Generation

Here are 10 tips for making sure the next generation is ready to fill your shoes.

- 1. Start early and at home.** How? By demonstrating the values (hard work, resilience, etc.) and skills (negotiation, planning, dispute resolution) that entrepreneurs need to thrive, says Stephen McClure of the Family Business Consulting Group.
- 2. Create a positive image...** Running a small business can be stressful. But if all your kids hear at home are complaints, they'll lose interest.
- 3. ...But don't gloss over the challenges.** Naive or unrealistic expectations will delay building true business skills.
- 4. Don't assume your kids want in.** Make it clear that working in the family company is an option, McClure says, not an obligation.
- 5. Make them earn it.** No matter how much you want your kids to take over someday, if they don't prove their worth—to themselves and your employees—they won't succeed.
- 6. But first, make them do it elsewhere.** Another McClure suggestion: Make them get a job, then a promotion, before they come work for you. The result: confidence, perspective, and an influx of outside ideas.
- 7. Give them their own projects.** Make them visible and make sure success or failure will be clear and measurable.
- 8. Let them fail.** Resilience is vital to business success, and needs to be learned and nurtured.
- 9. Create a timetable.** It can be adjusted if necessary, but having a start date will push them to develop as leaders and managers.
- 10. Get out of the way.** If you let them take the ball and run, they'll be more likely to ask your advice when they need it.

in their companies. To detach, founders first need to achieve financial independence away from the business—and there are many ways to do that, says Olson, who recently helped a client pull several million dollars out of a family company by selling off ancillary assets. Sometimes a founder might give up the company but maintain ownership of (and derive income from) the underlying real estate. Others simply set aside modest sums each month in a retirement account over a long period of time.

The second key step toward letting

go? “Develop a passion outside the business,” says McClure. It could be travel or teaching or volunteer work. The point, he explains, is that “it creates room for someone to step in.” ▲

Talk to your Regions Wealth Advisor about:

- How much income you might need in retirement.
- Ways you might remove cash from your business to help fund your retirement.
- How the particular ownership structure of your family business might affect your ability to retire on your own term.



BY BRYAN KOEPP, JD, CFP®, TEP
Senior Vice President & Wealth Strategist
Regions Private Wealth Management

Getting Life Insurance Right

I remember how it felt when I bought my first life insurance policy. It was not pleasant—and it had nothing to do with the cost of the insurance. It was the realization of what it would mean if the policy paid out.

Life insurance forces us to talk about mortality, and no one enjoys that. But it's an important topic to address because you want to protect your family, your loved ones and your business, even if the worst happens.

But how do you even start? One thing I tell my clients is that every insurance dollar should have a purpose, so you need to figure out what you're trying to cover, and this means understanding the different kinds of life insurance that are available.

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A permanent policy can help untangle potential inheritance issues and equalize your financial legacy between heirs.
”

Term insurance provides coverage for a set period of time, such as 5, 10, 20 or 30 years. You pay a fixed amount per year, and coverage ends when the term expires—it only pays out if you die while the policy is in effect. All things being equal, term insurance tends to cost less than other types of life insurance.

I recommend term policies to cover things such as living expenses, the costs of raising children, and the loss of income if one spouse passes away, as well as to protect the value of a business for a specified period of time, and to cover a buy-sell purchase agreement between business partners for a set term of years.

Permanent insurance, sometimes called whole, universal, or variable life, may remain in effect as long as you keep paying for it, no matter how long you live. Generally, these types of policies accumulate a cash value independent of the contract's death benefit. I generally recommend permanent insurance be purchased to cover a specific need, such as paying estate taxes or providing for a child with special needs.

A permanent policy can also help untangle potential inheritance issues and provide a means to equalize your financial legacy between children and other intended heirs. For instance, if one child helps run a family business, and you'd like to leave that business to them, you could use a permanent policy to compensate the other children.

DETERMINING YOUR DIRECTION

Think of your options like this: term insurance is for temporary needs; permanent insurance is for lifetime needs.

- **Couples assessing who needs to be insured should look at more than just who brings in the larger income.** If, for example, a stay-at-home parent with no earnings were to pass away, you'd have to pay for childcare, so my advice is to cover both spouses.

- **Next you must determine how much coverage you'll need.** You may have read that you should buy insurance equal to some multiple of your annual earnings. However, this is a complex question tied to your overall financial picture, and you should discuss your specific needs with your Regions Wealth Advisor.

- **Finally, it's important to review your policies annually or whenever you experience a significant life event** such as retirement, a divorce, or if you're starting a business. The sooner you address your life insurance needs, the sooner you'll have peace of mind that you and your financial goals are protected. ▲



Paul Taylor's research and analysis of generational trends and how they affect the attitudes and economic growth within America.



The Big Picture

Author and former Pew Research Center demographer **Paul Taylor** has a keen eye for generational shifts.

Lately, Paul Taylor has found his own family reflecting the generational trends he's long been studying. Taylor spent more than a decade at the Pew Research Center overseeing social and generational research. In his influential, recently updated 2014 book, *The Next America: Boomers, Millennials, and the Looming Generational Showdown*, Taylor explored ongoing seismic shifts in American demographics, including one that hits close to home—the pressures on the multigenerational “club sandwich” generation. Taylor and his wife, some of their grown children, grandchildren and his nonagenarian in-laws all live near one another in the Washington, D.C., suburbs, and helping care for the youngest and the oldest is a big part of their life.

We asked Taylor to explain some of the demographic changes he's seen, starting with some background on the field of generational research.

FLEDGLING FIELD

Generational research is fairly new. For most of human history, change didn't happen quickly. One generation wasn't terribly different from the next. But in the modern era, the pace of change—led first by the industrial revolution, and now by changing technology—has sped things up. Examining this change through a generational prism is one way to understand it.

SOCIOLOGY'S STEPCHILD

The idea that different cohorts of people are imprinted for life by the era they grew up in is only about 100 years old.

And while you have to be careful of overly broad generalizations, patterns do stand out within age cohorts. You can see differences in economic circumstances, demographics, family patterns, attitudes toward religion—and core values—across the generations.

ORGANIC PROCESS

There are no standard criteria for identifying and defining generations. Generation Xers, for example, who emerged after the Boomers, were more culturally defined. Demographically, they're actually a Baby Bust generation. Then came the Millennials.

DEMOGRAPHICALLY DISTINCTIVE

The Millennials are the first generation born into the digital revolution. Other things set them apart, as well. In America, about 44% of Millennials are non-white—the result of a modern immigration wave that's only 12% European (compared with the immigration wave a century ago, which was 90% European).

OTHER DIFFERENCES

Of today's Millennials, less than 27% are married. If you look at Boomers or their parents, the Silent Generation, 50% to 66% were married at the same stage.

THE FUTURE

We're 20 or 30 years into the digital era, and the pace of change will almost certainly continue to accelerate. One of the great mysteries of the 21st century is whether this digital revolution will create as many jobs as it destroys. I don't know the answer, but I do know that the ability to illuminate changes through generational research—here's what's happening now, here's what happened to people the same age 10, 20, 30 years ago—will help us understand how these changes affect all of us. ▲

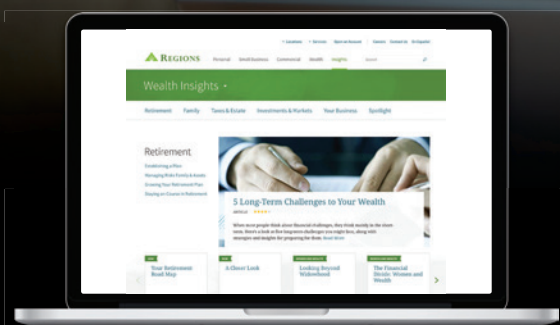


TO FIND OUT MORE about *The Next America*, visit www.pewresearch.org/the-next-america-book/



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