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INSIGHTS

BUILDING AND PRESERVING YOUR WEALTH

SUMMER ISSUE 2014

REGIONS
PRIVATE WEALTH MANAGEMENT

SAFEGUARDING YOUR FAMILY'S FUTURE

Conversations around what happens to your wealth after you pass away are often difficult ones — and understandably. They can be emotional and involve topics that many people prefer not to think about, much less talk about.

As challenging as such conversations may be, however, they shouldn't be avoided. Estate planning is one of the most crucial things you can do to safeguard your family's wealth over the long term. It can reduce the tax consequences of the estate transfer while also ensuring your legacy is preserved.

This issue of *Insights* provides a comprehensive look at how individuals and families can better prepare for passing along their wealth. Our cover story ("Make Your Legacy Count," page 8) explains how to make stronger, more effective estate plans. It lays out key strategies that may reduce your gift and estate taxes while also providing you greater flexibility and control over what happens to your wealth in the future.

In Regions' Perspective ("Empowering the Next Generation," page 13), we look at how a Regions Wealth Advisor can help today's 20- and 30-somethings manage their current financial goals while also grooming them to take on a greater role in managing the family's assets — whether that wealth transfer happens in the near or distant future. Legacy ("Sharing Values," page 16) offers tips for how parents and grandparents can instill financial responsibility and other values in younger family members.

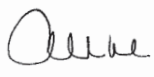
"Estate planning is one of the most crucial things you can do to safeguard your family's wealth over the long term. It can reduce the tax consequences of the estate transfer while also ensuring your legacy is preserved."

Preparing the next generation can't be taken too lightly: Research from Boston College's Center on Wealth and Philanthropy suggests that more than $41 trillion will transfer hands between 1998 and 2052. This is a tremendous opportunity for affluent families to ensure their wealth is preserved.

Your Wealth Advisor can guide you through the estate-planning process, building and shepherding a team of experts. He or she can help you evaluate key wealth-transfer strategies as well as providing a Regions Wealth Assessment® — a valuable tool that can help you identify ways to better manage your estate.

We're firm believers that it's never too soon to start planning for the future.

Sincerely,



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COVER PHOTO: SMALL_FROG

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Spotlight Decoding Gen Y
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FROM TOP: KEVIN MILLER; THEBOONE; LUCIANO LOZANO; PHOTOINC

Should You Pay for Concierge Medical Care?

Many Americans have a hard time scheduling doctor appointments or feel like they get little face time with their family doctor. For people frustrated by this, there's another option.

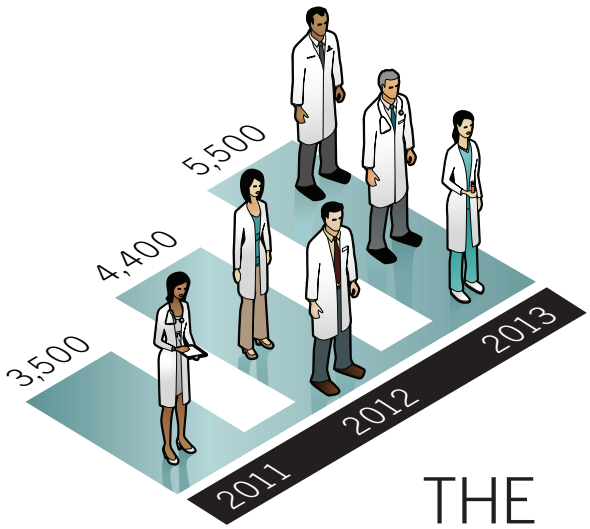
"Concierge medicine" or "direct care" is an emerging trend in the U.S. healthcare system. Doctors practicing this model generally charge their patients an annual fee in exchange for services. For example, a concierge doctor might offer easier access to appointments (often same-day scheduling) and more one-on-one time. He or she might charge patients a $500 or $1,500 annual fee for unlimited office visits, including a thorough yearly physical, blood work and other basic services. There are different models of concierge practices: In some cases, doctors still accept insurance for procedures not covered by the annual fee, while some concierge doctors have abandoned insurance altogether and only take cash. Doctors who don't take private insurance still generally accept Medicare.

The concierge model essentially allows patients to pay for less competition for their doctor's time and attention. Instead of serving 2,000 or more patients per year, a private doctor might dedicate herself or himself to treating just 500 patients in order to give more personalized service to each one, according to the American Academy of Private Physicians, a professional association for concierge doctors.

Even as the Affordable Care Act takes effect, more Americans are expected to embrace concierge medicine. The ACA contains a clause that allows consumers to opt for concierge primary care as long as they have "wraparound" catastrophic coverage that protects them in an emergency.[1]

Keep in mind, however, that concierge care is not generally a replacement for traditional health insurance. The annual fee a patient pays does not typically cover visits to specialists, emergency room care, hospitalization, major surgery or diagnostic tests such as CT scans and MRIs. ▲

[1] *The Wall Street Journal,* "Pros and Cons of Concierge Medicine," Nov. 10, 2013.

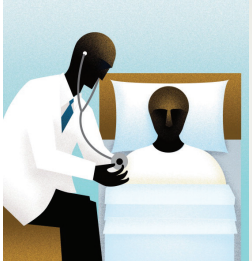


THE DOCTOR CALLS

Concierge doctors comprise a small but rapidly growing share of the roughly 600,000 practicing U.S. doctors.

SOURCE: AMERICAN ACADEMY OF PRIVATE PHYSICIANS

Benefits and Drawbacks of Concierge Care



POTENTIAL BENEFITS

- Easy access to appointments and doctor consultations
- Enhanced care, including more extensive annual physicals
- Ability to consult doctor via email, online video chat or cell phone
- Greater medical-cost transparency
- Lower costs for physician services, such as lab tests

POTENTIAL DRAWBACKS

- More expensive than insured medical care in some instances, particularly for patients who need intense or ongoing medical care
- Practice may not accept insurance

TOP: MATHISWORKS; CHICAGO TRIBUNE

Guard Your Card

Recent high-profile data breaches exposed the growing threat of identity theft and card fraud. How do you protect your debit and credit cards?

Be vigilant.

Be careful about giving out your card information over the phone unless you can verify the identity of the person you are giving it to.

Set up spending alerts.

Sign up to get emails or text messages when over a certain dollar amount, such as $100 or $500, is charged to your card.

Monitor your accounts closely.

Check your debit and credit accounts at least weekly for questionable charges or activity. Contact the card issuer quickly if you discover something amiss.

Shop online carefully.

Only provide your card numbers on web sites that use strong, secure information encryption. Don't use public Wi-Fi when making transactions. Clear your computer's cache regularly, including web site log-ins and password information, and don't allow online retailers to store your card information.

Secure your computer and personal devices.

Keep your web browser and anti-virus software updated, and consider using data encryption software. ▲

LOKFUNG

WISE INVESTOR

Mutual Funds vs. ETFs

Mutual funds have long been the investment of choice for investors seeking to own a diversified basket of stocks or bonds. But in recent years, exchange-traded funds (ETFs) have gained in popularity. Which is the better choice for your investment portfolio?

Both types of investment vehicles have their own advantages and considerations. Understanding how they work can help you decide which one better meets your investing needs. Many investors keep both types in their portfolio.

FEATURES	ETFs	MUTUAL FUNDS
BASICS	Trade like stocks on an exchange	Pooled investments guided by professional asset managers
VARIETY	Generally track a specific market benchmark or index	Wider variety, from index funds to actively managed funds, overseen by professional asset managers
PRICING	Price changes throughout the day, like a stock	Price set once per day based on net asset value (NAV)
FEES	Annual U.S.-listed ETF fees recently averaged 0.6%[1]	Average index fund fees recently averaged 0.8%, while actively managed funds averaged 1.3%[1]
TRANSPARENCY	Portfolio holdings are generally updated daily	Holdings disclosed through semi-annual fund company reporting statements
TAX EFFICIENCY	The structure of ETFs means that investors often receive minimal capital-gains distributions or pay taxes on gains only after they sell shares[2]	The structure of mutual funds means they often must pay out capital gains distributions on which investors have to pay taxes[2]

Overall, ETFs are often a lower-cost option for investors looking to simply track an index or a market benchmark. Mutual funds, on the other hand, can provide active management by a professional asset manager and stock picker — but that expertise comes at a cost. ▲

[1]Morningstar Inc., as of May 20, 2014.
[2]*The Wall Street Journal*, "Most ETFs are Tax Smart. But Others…," January 9, 2012.

GOOD LIFE

Booking the Vacation Rental of Your Dreams

Heading to Europe for a fall getaway or planning a Caribbean beach vacation next winter? You may want to consider booking a private home or condo rather than a hotel.

PRIVATE VACATION RENTALS CAN OFFER MORE space and extra perks and amenities — like fully equipped kitchens, free bikes to use and private pools — that can make your trip more enjoyable and save you money. A recent survey by travel research site **TripAdvisor.com** found that the number of Americans who plan to stay in vacation rentals is rising: from 44% in 2013 to 52% in 2014.[1] Booking a vacation rental requires more research than a standard hotel, however, because each rental is different.

FIND THE RIGHT ONE. Certain web sites specialize in connecting private owners with potential renters. **HomeAway.com**, **VRBO.com** and **Airbnb.com** all offer rental listings in places around the world, replete with photos, amenity listings, rental fees and availability. Search tools on the sites can help you narrow the options in each location by number of bedrooms and bathrooms, price and proximity to your vacation destination.

READ THE REVIEWS. Most vacation rental sites offer property reviews along with each listing, so you can read previous renters' experiences. These reviews can be valuable in judging whether a rental is right for you and steer you away from properties that aren't suitable.

ASK QUESTIONS. As you review property listings, write out detailed questions for the owner, bearing in mind that some listings are more detailed than others. Questions might include: How many beds does the rental have altogether and what size are they? Are pets allowed? Does the rental have wireless Internet? Is a parking spot included? Who would we call if something breaks? Make sure to speak at length with the owner and address any concerns that could affect the quality of your stay before you commit to a rental. The owner, after all, knows the property better than anyone and can likely give you helpful tips for your stay.

BOOK EARLY — BUT MIND FEES. The popularity of private vacation rentals means the most sought-after rentals often get snatched quickly — especially during peak travel season. Don't wait too long to book once you've firmed up your trip plans. Keep in mind, however, that some rental owners require deposits that they may keep all or part of if you cancel. ▲

KEVIN MILLER

[1]TripAdvisor.com news release, "Vacation Rentals Even More Popular With U.S. Travelers In 2014, According To TripAdvisor Survey," Feb. 13, 2014.

A FRESH START

How to maximize the first days of a new executive job

AN EXECUTIVE'S FIRST WEEKS and months at a new job are the chance to make a great impression — or an unflattering one. An estimated 38% to 50% of new executive hires are pushed out or leave their positions within 18 months, often because they didn't fit into the company culture, weren't nimble enough or didn't gain the respect and esteem of other managers and their direct reports.[1]

Such statistics stress the importance of executives planning for how they can maximize the early days of a new job. Here are four tips from management experts:

ROBERT DALY

1. **MEET WITH KEY STAKEHOLDERS.** As soon as you start a new position — or ideally even before you start — identify the people within the organization who are important to your success. This may include direct reports, leaders, peers or support personnel. Call or grab coffee with these people as soon as possible to start building key relationships.

2. **GATHER INFORMATION.** The more you learn about your role and the organization early on, the better able you'll be to perform your executive duties and avoid reputation-costing mistakes. This includes asking the right questions of the right people. It also means prioritizing and knowing which topics or parts of the company you need to familiarize yourself with quickly. You don't want to spend too much time early on learning about subjects that aren't essential to performing your job well.

3. **CULTIVATE YOUR MANAGEMENT STYLE.** How others view you within the organization is critical to your success. Consider how you will communicate most effectively with your reports and peers, and whether your management style is informal and "open door" or more formal and structured. How often do you envision having meetings with your reports? Do you prefer email or face-to-face communication? How will you foster camaraderie on your team and build loyalty? How will you provide feedback to employees? Understanding your personal management style and communicating it to the people you work with will help manage expectations and ensure a smoother start.

4. **CREATE A THREE-MONTH PLAN.** Map out how you'll spend your first 100 days on the job, including who you will meet with and what you need to learn. This includes setting goals and measuring how well you're meeting them. Having a formal plan can keep you on track. ▲

[1]Center for Creative Leadership, *Executive Integration: Equipping Transitioning Leaders for Success*, 2009.

MAKE YOUR LEGACY COUNT

Preserving your wealth and family harmony long after you are gone

WHEN YOU THINK OF YOUR LEGACY, WHAT COMES TO MIND? Is it a happy, prosperous family reminiscing around the dinner table? Or do you worry about what will happen with your assets or your family's future? Do you hope to leave some money to charity or an alma mater?

Whatever you envision, having an estate plan will make a significant difference in ensuring that the assets you worked so hard to build over your lifetime have your desired impact. "Estate planning is a process designed to help people manage, preserve and grow their assets while they're alive, and to provide for the efficient and orderly disposition of their assets — partly during their life, but entirely after death — according to their unique goals and objectives," says Baker Crow, Senior Vice President of Wealth Management for Regions.

Conventional wisdom holds that sophisticated estate planning is most relevant for families with estates that will likely face the federal estate tax, which currently exempts $5.34 million of an individual's estate (double

SMALL_FROG

"Even the best planning will fail if it isn't implemented properly," Crow says.

that for married couples). But even families with far less than the exemption limit may get hit with state-levied estate or inheritance taxes, which sometimes have exemption limits of $1 million or less. And Congress could always change the federal estate tax exemption amount, as it has several times (see chart on page 11).

Even if you're unlikely to pay such tax, estate planning is key to ensuring that you have some control over how your assets are distributed. It also helps prevent your property from having to be divided through a state-dictated disposition, the results of which may be different from what you desire.

FIRST THINGS FIRST

The estate planning process begins with a few key steps, Crow says:

- **Taking inventory of your assets and liabilities.** You may also need to devise a plan for repaying your debts.
- **Deciding who will be your beneficiaries** — family, friends, charities or others — and how you would like to benefit them.
- **Building your estate team.** This will include an attorney, who will draft the estate planning and related legal documents. It may include your accountant, because of the importance of taxes in the process. Finally, it includes your Regions Wealth Advisor, who understands your financial situation and goals.
- **Choosing the personal representative** of your estate and the trustee of any trusts you establish.

This last step may be the most important one you take. Many people designate a family member as a personal representative or trustee because of his or her intimate knowledge of family affairs, and because a family member usually does not charge a fee. But this is not always a wise move, Crow says. Managing an estate properly requires strong skills in asset and liability management, taxes and accounting, as well as knowledge of estate laws. A family member without extensive experience in these areas may find the role burdensome, and might even squander the estate's assets, however inadvertently.

Adding to the role's complexity, the personal representative or trustee acts as a "quarterback" for your estate planning team and is responsible for important decisions after your death, such as determining how assets are invested and prudently exercising his or her discretion as dictated by the document. "Even the best planning will fail if it isn't implemented properly," Crow says.

The trustee's role is also highly sensitive because he or she controls the trust's purse strings. For example, naming a child trustee of a family trust might provoke feelings of unfairness or frustration on the part of the other children and cause needless family conflict. Likewise, naming a spouse as trustee could overindulge a child who has been too dependent on his parents' largesse. By contrast, a third-party trustee such as a bank professional can act as an experienced advisor who will execute your wishes impartially after you're gone. Crow says the importance of this selection cannot be overlooked because the future support of your family may rest upon the performance of this person.

When designing the estate plan, it's important to envision a variety of scenarios and give the trustee some leeway to accommodate them, Crow says.

THEBOONE

Let's say one of your children is irresponsible with money; as a result, you allow him to only draw income (not principal) from the trust. What if he got seriously injured or ill and was unable to work? What if his own family had been relying on his income? The estate plan should probably allow the trustee to distribute funds from the principal in such a circumstance.

Estate planning takes on an additional dimension for business owners. Without a proper succession plan in place, a business could quickly collapse after its owner dies, Crow says. "Not only does the family that relied on the business suffer, but so do all the employees." As a result, he adds, business succession planning is integral to estate planning. Business owners should consider disposing of the business while they're still alive, whether that means transferring it to current managers (inside or outside the family) or selling it.

TRUST MATTERS

Many families have unique estate planning goals. One of the best tools for accomplishing those goals is a trust.

HERO IMAGES

WHY CREATE A TRUST?

- **To avoid or diminish federal or state estate tax payments through a transfer of ownership.**
- **To avoid probate, because a "living" trust may include testamentary provisions that allow for the disposition of the trust's assets outside of your will.**
- **To shelter property from your beneficiaries' creditors and, in some states, even your creditors.**
- **To allow the grantor to specify criteria for management of property after death. This can be useful if a beneficiary struggles with managing his or her financial affairs, or if you want a say in how a charity uses your funds.**
- **To allow the grantor to direct assets to particular relatives long after the original will is executed. For example, after a spouse from a second marriage dies, a trust could designate that assets pass to children from a first marriage.**

One of the most common trusts is a family trust, also known as a credit shelter or bypass trust. You write a will which establishes a trust up to the amount of the federal estate-tax exemption. This trust will be used to support your family after your death. After your spouse's death, the trust typically benefits or passes to the children. The assets in the trust, regardless of how much they gain in value, are not subject to the estate tax after your spouse's death. (The sidebar on page 12 describes some other common trusts and their uses.)

MAXIMIZING OPPORTUNITIES

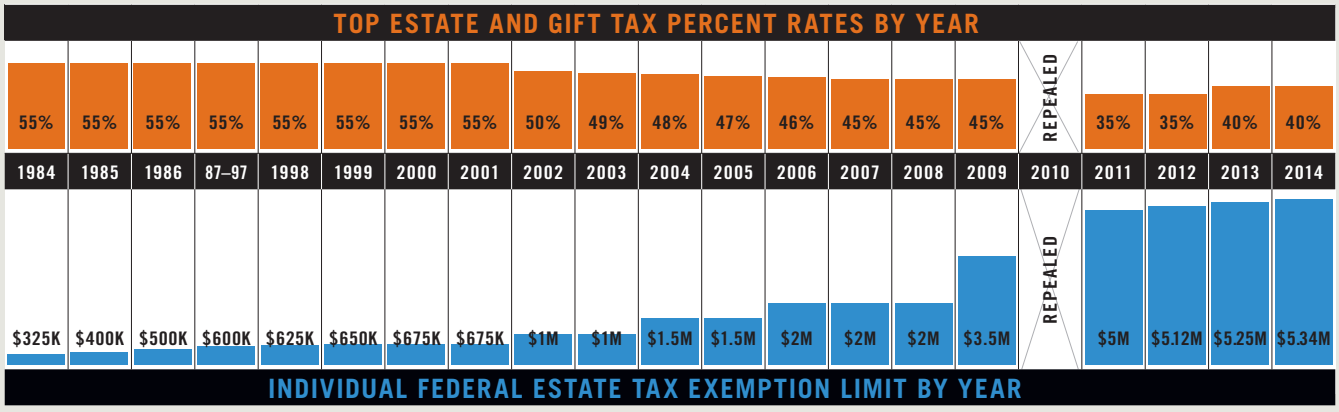
Thanks to recent changes in tax law, most couples will not be concerned about federal estate taxes since they can now transfer up to $10.68 million tax free (that is, $5.34 million per spouse). But some couples will still want to establish trusts for various non-tax reasons. These reasons may include professional management of the assets, a source of support for the beneficiaries and protection of the beneficiaries.

Individuals and couples with philanthropic goals may want to consider how to give most effectively through their estate. Charitable giving during your lifetime may be more fulfilling because you can see your money put to good use and perhaps have greater control over its use. Certain types of trusts can help families build philanthropy into their estate plan and reduce their estate-tax obligations.

Gifting to individuals is another useful strategy for reducing your estate while you're alive. In 2014, you and a spouse can give away up to $14,000 each to any individual without incurring transfer taxes. If you had, say, three children with three spouses and nine grandchildren, you, as a couple, could give away $28,000 in cash or other assets to each of those 15 family members and thereby reduce your taxable estate by $420,000 each year. If those assets grow in value after you give them away, that appreciation is also free of transfer tax because they are out of your estate.

HISTORY OF THE U.S. ESTATE TAX

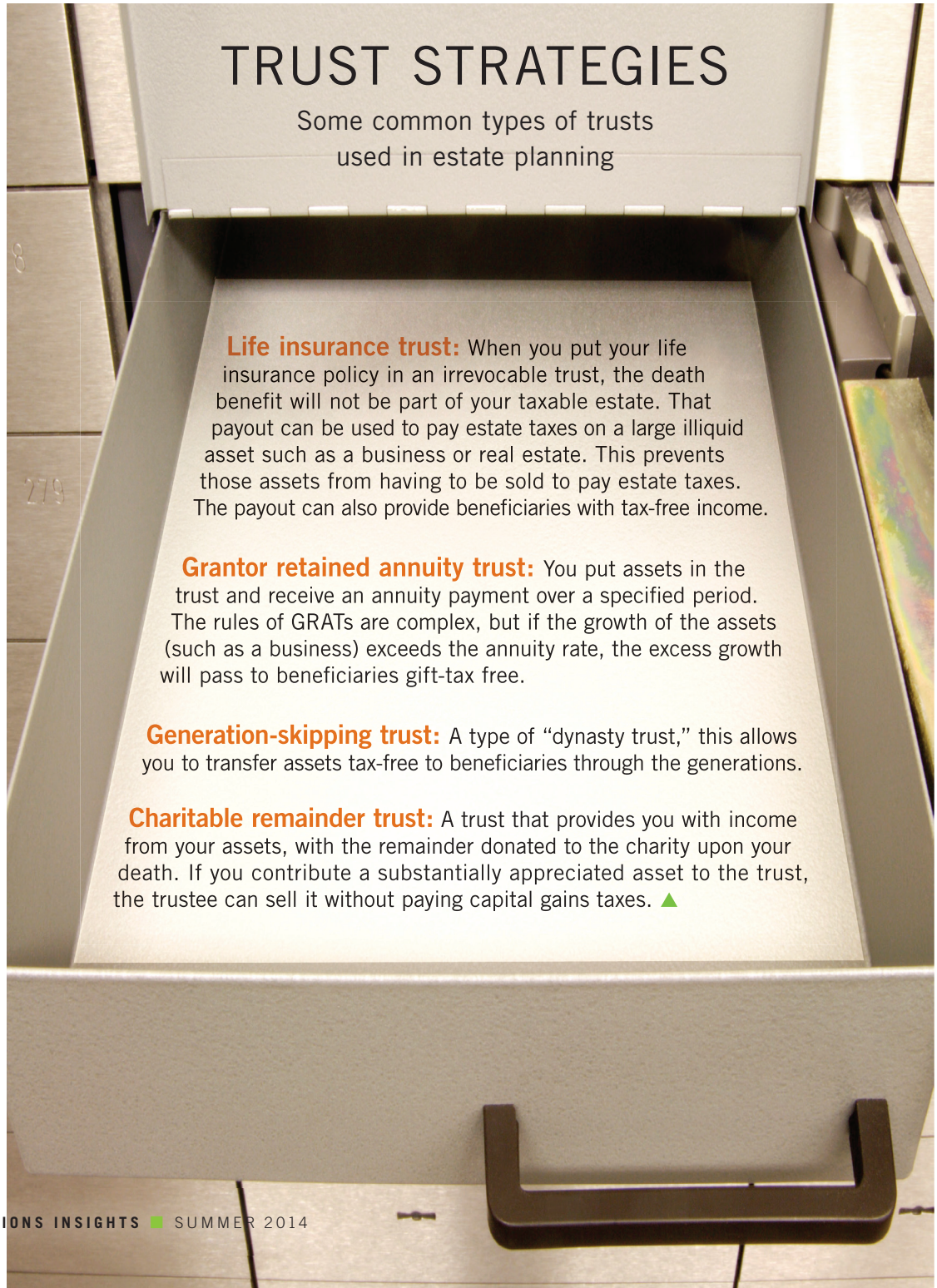
The federal estate tax has become less of a burden to families over the years. The amount individuals can exempt from estate tax has risen significantly since 1984, while the top estate and gift tax rate has gradually decreased from 55% to 40% today.



SOURCE: INTERNAL REVENUE SERVICE, IRS.GOV

Whatever your hopes and goals are for your legacy, it's important to start planning well in advance so you can take advantage of the strategies available to maximize its value and produce the desired outcome. You've worked hard to be a good shepherd of your assets when you're alive. There's no reason they shouldn't be well-managed long after you pass away. Through careful planning with a professional team — as well as open discussion with your family or other beneficiaries — you'll ensure that your legacy continues to build for decades to come. ▲

YOUR REGIONS WEALTH ADVISOR CAN HELP YOU BUILD A TEAM OF ADVISORS TO GUIDE YOU THROUGH YOUR ESTATE PLANNING AND HELP YOU BUILD THE LEGACY YOU ENVISION.



TRUST STRATEGIES

Some common types of trusts used in estate planning

Life insurance trust: When you put your life insurance policy in an irrevocable trust, the death benefit will not be part of your taxable estate. That payout can be used to pay estate taxes on a large illiquid asset such as a business or real estate. This prevents those assets from having to be sold to pay estate taxes. The payout can also provide beneficiaries with tax-free income.

Grantor retained annuity trust: You put assets in the trust and receive an annuity payment over a specified period. The rules of GRATs are complex, but if the growth of the assets (such as a business) exceeds the annuity rate, the excess growth will pass to beneficiaries gift-tax free.

Generation-skipping trust: A type of "dynasty trust," this allows you to transfer assets tax-free to beneficiaries through the generations.

Charitable remainder trust: A trust that provides you with income from your assets, with the remainder donated to the charity upon your death. If you contribute a substantially appreciated asset to the trust, the trustee can sell it without paying capital gains taxes. ▲

WESTEND61

EMPOWERING THE NEXT GENERATION

How a Regions Wealth Advisor can help young adults meet their financial goals — today and tomorrow

BY BRENDAN FREEMAN

AREA WEALTH EXECUTIVE FOR MISSOURI

Today's 20- and 30-somethings have a broad range of financial goals — managing student loans, buying a first home, investing for retirement and starting a business, among them.

Beyond these immediate concerns, they also may stand to inherit money from older generations in their family, whether that is expected to happen soon or decades from now. To ensure that younger generations become able stewards of the family's money, affluent families are wise to start planning sooner than later for that wealth transfer.

Whatever the need, Regions Wealth Advisors can help young adults manage their financial goals today while also becoming more involved in preserving their family's legacy and building their own legacy. Here are three ways that a Wealth Advisor can help:

1. BUILDING A STRONG PLAN

A solid starting point for young adults is getting a good understanding of their current financial situation. A Wealth Advisor can review their current assets and debts and help them create a customized financial plan.

The Regions Wealth Assessment®, a complimentary service provided by a Wealth Advisor, can be particularly beneficial in helping those in their 20s and 30s better visualize their assets and liabilities, and can help ensure their portfolio is suited to their long-term goals and appetite for risk.

As clients' financial needs become more complex or as they inherit family assets, a Wealth Advisor can help them evaluate strategies for preserving that wealth and building a more holistic plan. This may include helping them determine how philanthropy fits into their long-term goals, diversify their investment portfolio appropriately and/or assume a larger role in a family business.

2. STARTING FAMILY CONVERSATIONS

It's important for older and younger generations in affluent families to start discussing the wealth transfer before it actually happens to ensure everyone is on the same page. But those can be challenging conversations to manage informally over the dinner table — and many times different family members have different financial priorities.

A Wealth Advisor can facilitate these family meetings — leading discussions, identifying common goals and helping to build consensus.

Multi-generational meetings are especially valuable to younger family members. It's a chance to engage senior family members in a conversation about their wishes for family assets and the legacy they want to leave. At the same time, it's a chance for younger family members to discuss their own goals and how they envision carrying on the torch.

Having a professional intermediary can reduce the emotional toll of such conversations and encourage more understanding among family members.

3. COORDINATING A SUPPORT TEAM

Today's young adults have a broad array of financial concerns. Wealth Advisors can bring together a team of experts — including trust advisors, lending advisors, portfolio managers, mortgage loan officers, insurance specialists and commercial banking officers — tailored to each client's unique goals.

Starting to build this advisory team when a client is in their 20s, 30s or 40s helps ensure he or she has a solid financial resource that can evolve and ultimately produce the strongest wealth management plan for the years and decades ahead. ▲

DON'T WING IT

What you need to know before taking flight as an angel investor

MANY ENTREPRENEURS WANT TO GIVE BACK — and hope to earn some investment income along the way — by investing in startups and other early-stage ventures. A restaurant owner, for example, may want to help other budding restaurateurs by investing in their new eateries in exchange for equity. A business owner may want to help entrepreneurs in their local region by joining a group of investors that make so-called angel investments.

Before diving into investing in early stage businesses and startups, however, it's a good idea to do some research and planning.

The easing of federal rules has made it easier to become an angel investor. But it's not getting any less risky: Investing in young, privately held companies carries significant risks, though often in exchange for potentially high returns.

KNOW THE RULES

Angel investing is regulated by the Securities and Exchange Commission (SEC), which requires that angels be accredited investors. That means you need a net worth of at least $1 million at the time of investment or a personal income of at least $200,000 per year for the previous two years.

Last year, the SEC caused ripples when it opened up the industry to "crowdfunding," allowing small private companies to solicit would-be investors over the Internet. Until September 2013, general solicitation of private equity offerings was strictly prohibited. That restriction was lifted by the Jumpstart Our Business Startups (JOBS) Act of 2012, which was designed to boost small businesses by making it easier to raise capital under two conditions: The securities can be sold only to accredited investors and the issuer must take "reasonable steps to verify" the purchaser's accredited investor status.

Within six months of the lifting of those restrictions, 900 offerings under the new exemptions raised more than $10 billion in capital, the SEC reports.[1] It's clear that crowdsourcing is reshaping the angel investing industry.

LUCIANO LOZANO

75% of U.S. venture-backed companies fail and are unable to pay back their investors

UNDERSTAND THE RISKS

The new SEC rules make it easier for angels to find investment opportunities, but it could also increase the risk of an already risky business. It's well documented that startup businesses are inherently riskier than other types of investments. A Harvard Business School researcher found that 75% of U.S. venture-backed companies fail and are unable to pay back their investors.[2]

6 QUESTIONS:

Before making an angel investment, it's important to define what you're trying to achieve. Ask yourself:

- Are you looking for long-term capital gains or dividend income?
- How much are you willing to invest?
- How much involvement do you want to have in managing the company?
- Do you want to focus on companies only in your area or industry of expertise or are you willing to branch out?
- How much can you afford to lose if the business doesn't perform as expected?
- What is your exit strategy?

BUILD AN ADVISORY TEAM

Once you identify your goals, consider building your own board of directors to help you vet and manage your angel investments. Your Wealth Advisor can pull together a team of financial and legal professionals to help you evaluate how angel investing fits into your overall wealth management plan and what steps are necessary to achieve your goals. An attorney can help you review documents, including contracts related to the structure of the deal. An accountant can help you assess business plans, review financial statements and provide other due-diligence guidance.

JOIN FORCES

Angel investors often join forces — and finances — to invest in deals together, like traditional investment clubs do. Local angel groups or networks often share the due-diligence work, and novices can learn the ropes from more experienced investors.

In an angel "group," individual angels typically join with other angels to invest collectively in businesses in their local area. They meet regularly to review funding requests and selected entrepreneurs present their proposals to the group. Groups might invest anywhere from $500,000 to $2 million in a company.

An angel "network," on the other hand, connects individual investors with startups seeking investments, although investments aren't necessarily made as a group. The network generally still helps angels vet prospective business investment opportunities.

Angel investing gives business owners the opportunity to connect with other entrepreneurs and help them get their business off the ground. As with any investment, though, due diligence is the key to minimizing risk. ▲

CROWDFUNDING: THE NEW FRONTIER

Allowing small businesses to solicit investors online is just the first step in the SEC's goal of helping entrepreneurs raise capital. Another rule change being considered by the regulatory agency is to open up angel investing to non-accredited investors by expanding crowdfunding rules.

Under the proposal expected to go into effect by the end of this year, companies could raise a maximum of $1 million a year from non-accredited investors. Transactions would have to be conducted through a registered broker or a funding portal, and investors with an annual income and net worth that are both less than $100,000 would be limited to the greater of $2,000 or 5% of annual income or net worth each year. Investors with either an annual income or net worth that is over $100,000 would be limited to 10% of annual income or net worth, with a cap of $100,000 in a 12-month period.[1] ▲

[1]Securities and Exchange Commission, October 2013.

[1]Securities and Exchange Commission, March 2014. [2]*The Wall Street Journal*, "The Venture Capital Secret: 3 Out of 4 Start-Ups Fail," Sept. 20, 2012.

SHARING VALUES

Passing on financial wisdom and lessons to younger generations

MANY PARENTS and grandparents care as much about leaving behind their financial wisdom as they do their money or personal belongings. This desire may be well-founded: A 2012 study by Ohio State University's Center for Human Resource Research found that the average adult who receives an inheritance saves just half of it.[1]

At the same time, older generations often prefer to convey their beliefs about money in a loving, yet non-domineering way, says **Jamie Broome**, Vice President and Trust Advisor with Regions Private Wealth Management. "If you're not talking to your children or grandchildren about values — what your financial beliefs are — when they're young and impressionable, those values could be lost on them when they're adults," she adds. Broome offers these tips for how senior family members can better impart their financial views:

PAUL BRADBURY

INITIATE DISCUSSIONS AND TELL STORIES

"The biggest thing is communication," Broome says. Ongoing, open discussions about values are crucial to imparting them. Of course, these conversations should be tailored to the children's or grandchildren's age. (See the sidebar for examples of the conversations and financial lessons that are appropriate, based on a child's age.)

These conversations don't mean that parents or grandparents need to disclose their net worth or how much they plan to leave to heirs. In fact, it can be more powerful to talk about values and insights without discussing expected bequests or estate plans, Broome says.

One particularly effective way to convey financial values is by sharing personal stories. These might include talking about first jobs, building the family business or managing money as a married couple. Stories are one way to express insights and experiences in a way that is both memorable and appreciated.

GUIDE BY EXAMPLE

Most adults are well aware that actions speak louder than words. This axiom holds true with financial management. Often, the most effective way to nurture such qualities as responsibility, industriousness and generosity is by demonstrating them. If an affluent individual wants to instill an appreciation for living within one's means and limiting debt, it helps if he or she does so.

When parents and grandparents take this approach, their offspring are likely to emulate them. To be sure, some children might be tempted to splurge for a while, Broome cautions. But if they've seen how solid financial values can pay off over time, this tendency is usually temporary. "Oftentimes they come back, even if they stray for a bit," she says.

MAKE FINANCIAL PLANNING A FAMILY AFFAIR

Involving children and young adults in financial decisions at appropriate times helps prepare them to eventually make intelligent choices on their own.

Preserving a family's wealth often requires more than providing information centered solely on portfolio management or tax strategies. It also entails instilling in the next generation a respect for the values that helped build their wealth in the first place.

CREATE AN ETHICAL WILL

Unlike a "last will and testament," an ethical will isn't a legally binding document. It's a letter — ranging anywhere from half a page to many pages — or a video recording that can accompany a will meant to convey values, hopes and dreams that someone wants to pass along to family members. Many ethical wills are shared while the creator is alive.

Although they're not legal documents, ethical wills can be a heartfelt way to convey the feelings behind the financial decisions an individual is making, Broome says. For instance, if an individual is planning to restrict the transfer of assets to younger family members over a specific time period, an ethical will can let him or her explain the reasons for this strategy. This may alleviate concerns that younger family members aren't trusted or seen as competent financial managers. ▲

YOUR REGIONS WEALTH ADVISOR CAN HELP YOU HAVE EFFECTIVE AND INFORMATIVE CONVERSATIONS WITH YOUNGER FAMILY MEMBERS ABOUT FINANCIAL VALUES. YOUR ADVISOR CAN ALSO MEET WITH THEM TO DISCUSS THEIR OWN FINANCIAL GOALS AND PLANNING.

A TIMELINE FOR THE AGES

How parents and grandparents can convey financial skills and values based on a child's age

UNDER AGE 12:

- Give children a piggy bank for storing extra change
- Explain the importance of keeping to a budget when shopping
- Help them set up their own bank account
- Show them how they earn interest on a savings account
- Tell childhood stories about your experiences involving money

AGES 12 TO 17:

- Sign them up for a debit card
- Show them how to check their bank account and track their balance
- Talk with them about college savings and plans for funding their education
- Discuss the value of a part-time or summer job
- Tell personal stories about financial mistakes
- Involve them in the family's charitable giving
- Start involving them in meetings with your Regions Wealth Advisor

AGES 18+:

- Involve them in conversations about managing the family's investments
- Discuss key financial planning topics, such as funding their first retirement account, managing student loans or deciding on a career path
- Help them establish an investment portfolio and explain key investing skills
- Have them establish their own relationship with a Wealth Advisor, who can talk with them about their personal goals and provide financial guidance

FROM TOP: JAMIE GRILL; MARK SCOTT; CHAD BAKER/JASON REED/RYAN MCVAY

[1]Zagorsky, Jay, "*Do People Save or Spend Their Inheritances?*" Journal of Family and Economic Issues, 2012.

DECODING GEN Y

How the millennial generation views money, wealth, philanthropy and careers

TODAY'S TWENTY- AND THIRTY-SOMETHINGS often look at money — and how they earn and spend it — far differently than their parents and grandparents do.

Dan Schawbel, the 30-year-old managing partner of Millennial Branding in Boston, Massachusetts, is an expert on Generation Y or the "millennials"— those born between 1982 and 1993. *Insights* recently spoke with Schawbel about his research.

DAN SCHAWBEL

FOUNDER AND
MANAGING PARTNER

MILLENNIAL BRANDING

Q: DO MILLENNIALS HAVE A DIFFERENT PERSPECTIVE ON MONEY OVERALL THAN OLDER GENERATIONS DO?

SCHAWBEL: People are often surprised to learn that millennials are, generally speaking, a financially conservative generation. Many of them graduated from college during the Great Recession and had trouble finding jobs. They often turn to their parents for financial education, because they don't teach personal finance in college. So they're trying to save money, and basically their whole lives have been delayed. About 21 million are still living with their parents, and they're not buying houses. They don't reach $42,000 in income on average until age 30, and yet they're graduating college with an average of $45,000 in student debt. Much of their income goes toward paying off those loans. Many expect to work much longer than their parents' generation did, partly because they don't think Social Security will be around for them.

Q: THAT'S VERY INTERESTING. BUT SOME MILLENNIALS ARE FINANCIALLY WELL OFF, RIGHT?

SCHAWBEL: Right. It's hard to generalize across a whole generation. So yes, while many millennials have struggled financially, others are doing very well. For example, millennials already make up about 23% of U.S. millionaires. There will be a large wealth transfer happening over the next 10 to 20 years, which will certainly benefit many of them.

FROM LEFT: ERIC AUDRAS; PHOTOINC; JOHN M. HELLER

ACTRESS OLIVIA WILDE AND TOMS SHOES FOUNDER BLAKE MYCOSKI ATTEND THE TOMS SHOES BAREFOOT WALK FOR ONE DAY WITHOUT SHOES IN VENICE, CALIF.

Q: FOR THOSE WITH MONEY TO SPEND, DO THEY SPEND IT DIFFERENTLY THAN THEIR PARENTS AND GRANDPARENTS DO?

SCHAWBEL: Generally speaking, they're renters, not owners. They rent apartments, lease cars. They like using services like Dropbox that let you keep files online rather than storing them on their computers. That whole idea of borrowing or sharing something versus buying it resonates with them. They're also very health conscious, and so will spend a lot of money on things like organic food and health club memberships. They care more about spending their money on experiences like travel than on material goods.

Q: DO YOU SEE THIS AS JUST BEING A TEMPORARY SHIFT AND MILLENNIALS WILL BECOME MORE LIKE THEIR PARENTS AND GRANDPARENTS REGARDING MONEY AS THEY GET OLDER?

SCHAWBEL: I think we're experiencing a true generational shift. In 10 years, we might see some differences in attitudes about money and spending because, with so many baby boomers retiring, there will be more opportunities for millennials to move up at companies and earn more. At the same time, there are so many changes happening economically right now. There's been a huge rise in the number of freelancers and temp workers, and millennials aren't receiving the same level of employee benefits and job security that older generations received. Those changes will have a huge impact on their worldview.

Q: WHAT ABOUT CHARITABLE GIVING? DO MILLENNIALS FEEL DIFFERENTLY ABOUT GIVING THAN PRIOR GENERATIONS?

SCHAWBEL: Philanthropy is big for them, both personally and in what they expect of the brands they buy from. Compared to other generations, Gen Y believes much more that companies should stand for more than just profits — they should make a societal difference. They're forcing companies to consider how they are giving back. Programs like TOMS Shoes' One for One program that gives away shoes to people who need them when customers make purchases resonate with this generation.

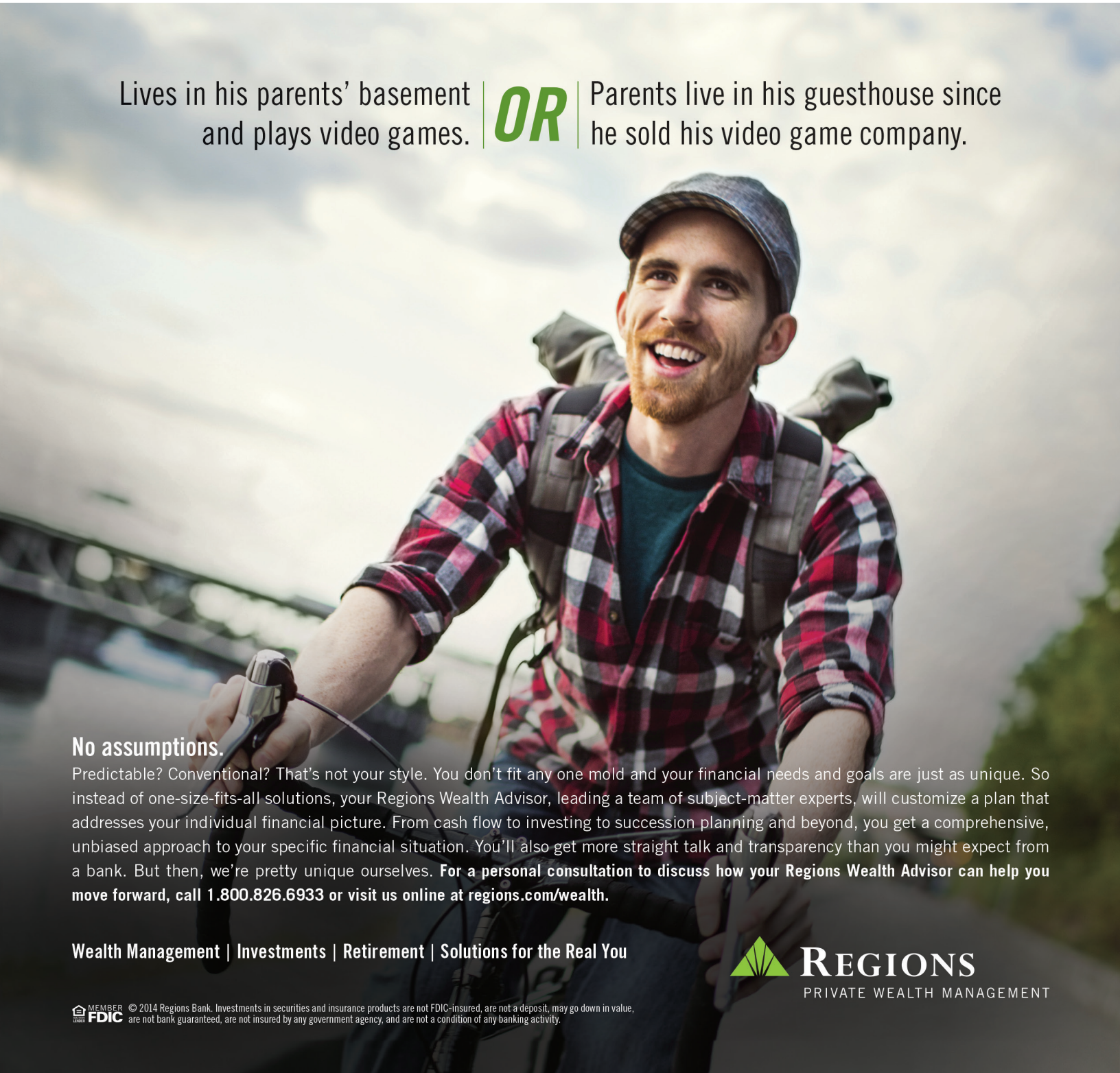
Q: MUCH OF YOUR RESEARCH FOCUSES ON HOW MILLENNIALS APPROACH THEIR CAREERS. DO YOU FIND THAT THEY'RE MORE ENTREPRENEURIAL OR ARE HAVING A LARGE IMPACT ON THE WORKPLACE?

SCHAWBEL: Millennials have been more entrepreneurial, but some of that has been out of necessity and their inability to find jobs. Many tried to start businesses, failed and now work for another company. We did a study two years ago with Monster Worldwide and found that baby boomers and Generation Xers are actually more entrepreneurial in spirit than the millennials. In terms of their career views, however, millennials don't believe in working for one company for life. In fact, many change jobs every two years. That's become a huge issue for employers, because it costs, on average, $20,000 to replace each worker who leaves — and it's far more expensive for managerial positions. The workplace has, overall, been challenging for millennials because baby boomers aren't retiring as fast as expected and many companies are eliminating jobs.

The millennials' impact on the business and career world is ultimately going to be huge, however. They make up 36% of American workers this year and that share is expected to reach 50% by 2020. A lot of the old protocols in business are going to change. Suits and ties will be gone. People won't be nearly as confined in where or when they work.

Q: GIVEN THESE GENERATIONAL DIVIDES, HOW DO YOU SUGGEST OLDER FAMILY MEMBERS SHARE THEIR VALUES ABOUT MONEY WITH THEIR MILLENNIAL OFFSPRING?

SCHAWBEL: Family involvement is very important for the millennials. In general, they are close to their parents and have relied heavily on them, so they value their parents' views. They want, and need, guidance from older generations, so there's a real opportunity for older generations to have discussions with their younger family members and impart their financial wisdom. ▲


Lives in his parents' basement and plays video games.
OR
Parents live in his guesthouse since he sold his video game company.
No assumptions.
Predictable? Conventional? That's not your style. You don't fit any one mold and your financial needs and goals are just as unique. So instead of one-size-fits-all solutions, your Regions Wealth Advisor, leading a team of subject-matter experts, will customize a plan that addresses your individual financial picture. From cash flow to investing to succession planning and beyond, you get a comprehensive, unbiased approach to your specific financial situation. You'll also get more straight talk and transparency than you might expect from a bank. But then, we're pretty unique ourselves. For a personal consultation to discuss how your Regions Wealth Advisor can help you move forward, call 1.800.826.6933 or visit us online at regions.com/wealth.
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