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Q:

How should executives and entrepreneurs think about prioritizing their financial goals?



BY MICHAEL NATHANSON
NADINE GORDON LEE
STEPHEN STELLJES

*Michael Nathanson, JD, LLM,
Chairman, CEO*

*Nadine Gordon Lee, CPA/PFS, CFP®,
Managing Director—Metro NY Offices,
President, Colony Family Office*

*Stephen Stelljes, JD, CFP®,
President of Client Services*

THE COLONY GROUP

► **Having worked with executives and entrepreneurs for decades, we still find that many come to us with similar problems to solve.** While these individuals may be highly successful in their professional lives, many have yet to attend to their personal financial well-being.

Unfortunately, life is unpredictable. There are times when executives and entrepreneurs may find themselves unprepared for a particular challenge, whether it is an economic downturn, a company setback or a personal health crisis.

How do you prepare? We asked that question of The Colony Group's chairman and CEO, Michael Nathanson; Nadine Gordon Lee, president of Colony Group Family Office; and Stephen Stelljes, president of Client Services.

Q: When planning for executives

and entrepreneurs, you refer to what you call the “Five Pillars of Peace of Mind.” What are those pillars?

Nathanson: By achieving a balance among these Five Pillars, an executive or entrepreneur can foster and sustain financial peace of mind. They are:

1. *Maximizing the rewards of working as an executive or entrepreneur*
2. *Achieving financial independence*
3. *Planning for and minimizing taxes*
4. *Planning for others*
5. *Managing risk*

A failure to address any one of the Five Pillars can be catastrophic.

Q: You encourage executives to maximize the rewards of their work by understanding and negotiating their employment agreements and equity-based rewards. How important is that?

Lee: It is critical that they do this from

the earliest stages of their career. We encourage and help them to plan around, negotiate, renegotiate and understand key provisions of their employment agreement, such as exclusivity, fixed and incentive compensation, and assignment and changes of control, among many others.

In many cases, executives' income and future wealth are directly tied to the equity-based compensation they receive. Planning is necessary to maximize these benefits, while at the same time managing the risk associated with potentially having too much wealth concentrated in one place.

Q: How important is it to set goals toward achieving financial independence? How is that related to the investment-planning process?

Stelljes: Goal setting is essential, as it brings focus and structure to short- and long-term wealth-management and investment decisions. A well-structured investment portfolio requires a process of developing and setting realistic goals, identifying return objectives, diversifying risk and monitoring investment performance.

Importantly, there are consistent cornerstones that should be part of this process: drafting an investment policy statement; assessing risk factors; determining the appropriate asset allocation; selecting the right investment vehicles; and monitoring and adjusting the portfolio as necessary.

Q: Why are tax and estate planning integral to your process?

Nathanson: They are essential to the pillars of planning for taxes and for others. Through careful, advance planning, taxes can be minimized while satisfying the burden of taxation. When done right, tax planning is a broad-based, continuous and dynamic process.

As for estate planning, we are ever mindful of two prevailing myths: Estate planning is all about taxes; and it is only for older or sick people. We believe the main objectives are more complex and play a more significant role in wealth preservation for the executive and for his or her future generations. Along with tax mitigation, a thoughtful estate plan considers income continuity, orderly distribution of property, asset protection, beneficiary security and philanthropy.

It may be challenging for busy executives and entrepreneurs to find time to

“Often, an executive’s income and future wealth are directly tied to the equity-based compensation they receive. Planning is necessary to maximize these benefits.”

focus on their personal wealth-management needs. Yet, just as they intensely focus on the success of their companies, they need to spend time protecting and planning for themselves and their families.

For those interested in learning more, these topics are explored in depth in a new book by Nathanson, Lee, Stelljes, et al.: *Personal Financial Planning for Executives and Entrepreneurs: The Path to Financial Peace of Mind*. ●

ABOUT THE COLONY GROUP



Founded in 1986, The Colony Group is an independent, fee-only financial advisory firm that seeks to provide peace of mind to clients. Its team of trusted experts delivers objective financial advice, striving to provide clients with the highest level of personalized service. The Colony Group works with high net worth

individuals and families, corporate executives, athletes, professionals, entrepreneurs and institutions, providing deep expertise that goes beyond investment management. The firm’s clients have access to a full suite of investment-management, institutional-consulting and financial-advisory services, including tax, estate, retirement and philanthropic planning, asset allocation and cash and risk management.

EXPERTISE

Assets Under Management
\$8B
 (as of 3/20/2018)

Professional Services Provided
 Strategic wealth management, tax planning, investment advisory, family office and innovative life enrichment services

Financial Services Experience
30+
YEARS
 (average)

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PHOTO: NADINE GORDON LEE, STEPHEN STELLJES, ELIZABETH TALBOT, CARY GELLER, MICHAEL NATHANSON



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