

I Just Need a Quick, Easy Answer...



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...the client email query reads in an almost quietly desperate tone anticipating that there really isn't one. The email may contain a straight forward question such as should I pay off my home mortgage, gift to my grandchildren, invest in the stock market or defer my compensation into my company's plan. By all rights, each question can be answered "yes" or "no" and the world could continue to turn.

But, it's rarely that simple. Many questions involve more than what's on the surface. For instance, while it may be appropriate for one person to retire their mortgage, another person may require more cash close at hand, not parked in less accessible real estate. Gifting to grandchildren involves giving a nod to the complex gift tax rules which includes a variety of ways one can gift. This may involve more rules and a subset of exceptions. Deferred Compensation is a great way to defer taxes, but one also has to consider that the deferral belongs to the company, not you, until the deferral ends. By the way, when should that be?

The truth is, many factors should be considered in making decisions that impact your wealth: your current overall financial situation, your future outlook, tax laws, asset protection, risks you are willing to take, and your goals and desires.

Lest we forget, human emotion also plays a role in our choices involving wealth. If we made every decision based on "facts" alone, we would never have flown to the moon (it was, after all, a fact that man could not fly to the moon until we did it of course). On the other hand, if we only make choices based on emotion (especially the emotion of fear), we would not have sailed across the ocean to discover new lands for fear of "falling off the edge."

The answer to your simple question involves integrating the facts, laws, and your financial goal and circumstances. This is your life after all. There isn't always a perfect answer. Sometimes you want to do something just because it makes you feel good, safe or otherwise and it doesn't really matter that the other decision might make more sense. Working with an advisor who knows you and approaches wealth planning holistically can provide you with a sounding board when you need answers to your "simple" questions.