360 Insights

Elevating Your Experience with Design | Build | Protect

By Tim Maurer, CFP®

A transformation in wealth advisory services has been taking place for decades, moving from the sales-oriented, product-centric Wall Street model to the professionally oriented model that positions advisors as fiduciaries required to act in the best interest of their clients. This positive change for consumers has accelerated, catalyzed especially by two events: the financial crisis of 2008-2009 and, more recently, the upheaval of COVID-19 and the search for connection while disconnected.

Yet, even amid the craft's shift in orientation from sales to service, it has perhaps struggled to find its central purpose, often prioritizing proprietary solutions over plans that are truly client inspired. The next frontier, therefore, is an approach to further elevate the way you engage your financial life plan, putting you and your aspirations even more firmly at its center.

Enter Design | Build | Protect, a virtuous cycle of exploration, action, and reflection informed by the fields of behavioral economics and science and then distilled into a systematic yet surprisingly simple and effective method.

Design

The hallmark of the Design phase is a process for discovering and rediscovering what's most important to you in life to ensure that your priorities are the sole driver of our financial plans. Built on the science of motivation, it is an empathic approach where you are the hero of the story and we are your guide. This process helps you explore intersecting areas of your life, and then codify the insights you gain. With this discernment of your vision and values, which will remain a guiding compass, we architect a path to action that also serves as a bridge to the Build phase.

Build

The path to action we've created, and regularly calibrate, offers a concise, achievable, and impactful list of what we hope to accomplish within a reasonable period of time. In the Build phase, we specify the steps and strategies required to achieve those goals and move to action through implementation. This implementation process powers a series of wealth planning conversations specific to you and that are supported by a range of tools and technology. Implementation, of course, is not the end of the road.

Protect

In a truly client-centered approach, you are the judge of the experience, and your candid insight is important to duplicate successes and protect your progress. We've found that, when it comes to the latter, a key component is impactful information and education tailored to your specific circumstances. The Protect phase also offers an opportunity to look back on what you have accomplished over the course of your planning, which in turn helps generate momentum toward the next series of aspirations that you'll uncover and pursue. (continued on page 2)

Five Steps for Creating a Digital Estate Plan

If you want to make sure your digital property can be easily managed after you're gone, you're going to need a digital estate plan that organizes your digital assets into one neat and easy-to-understand system. Digital assets include hardware and software, so we're talking about your phone, computer or tablet, as well as social media, entertainment and shopping accounts, benefits, rewards, family photos and videos, and everything else online or in the cloud. Here's how to get it done in five easy steps.

1. Make a list of all your digital assets and how to access each one.

List your digital assets, from the hardware you own to your social media accounts to your online banking portal. Briefly, the list may include:

- Computers, external hard drives or flash drives, tablets, smartphones, digital music players, e-readers, and other devices
- Information or data stored electronically, whether online, in the cloud, or on a physical device
- Online accounts, such as email, social media accounts, shopping accounts, utilities, photo and video sharing accounts, gaming accounts, cloud storage accounts, and websites that you may manage

Sharing your logins and passwords with someone you trust is essential to the continuity and the responsible management of your digital estate. If you use a password manager, you can simply share your access information to that account. If not, it's important that you record the login and password information for key accounts and devices.

2. Decide what you want done with these assets.

You may want some assets archived and saved while other assets should be deleted or erased, or perhaps transferred to family members, friends, or business colleagues. For each digital account or asset that you have, specify how you'd like your digital executor (the person you name to handle your digital assets) to proceed. Your instructions may conflict with some companies' terms of service, but it's still valuable to your executor to know your wishes.

If assets have monetary value, you may want to instruct your executor to handle those assets in a specific way. For example, should revenue-generating assets be transferred to people who will keep managing the accounts? Should credits or points or cash values be redeemed? If assets will continue generating revenue, think about where that money is going, and who will be able to access it after you're gone.

3. Name a digital executor.

You designate a digital executor to help settle your digital estate per the instructions you leave in the document you've created through these steps. Digital executor might not be a legally binding or enforceable designation in most states, but that shouldn't dissuade you from creating a plan and naming someone you trust to this role. You can also make it clear that the executor you name in your will should be responsible for digital assets as well.

4. Store this information in a secure but accessible location.

There are three main ways you can securely store this kind of sensitive information: with an attorney, through an online storage service, in a locked file cabinet or safe.

No matter how you decide to store your digital estate plan, you'll want to be sure that the people who need to can find and access the plan you've made. This means giving one or two people you trust—your spouse, your adult children, or your digital executor, for example—the name of your attorney, the online storage or password company you've used, or the location of keys or the combination to your safe.

5. If possible, make it legal.

Depending on where you live, you may be able to formalize your digital estate plan in a legally binding document, such as your will or a codicil to a will.

Do not include your passwords or other access information in your will. When you die, your will becomes a public document, which means anyone can read it—including any sensitive information it may contain. A good solution is to refer in your will to an outside document that contains the necessary information to settle your digital estate. This way, you can continue to update the document without having to formally change your will.

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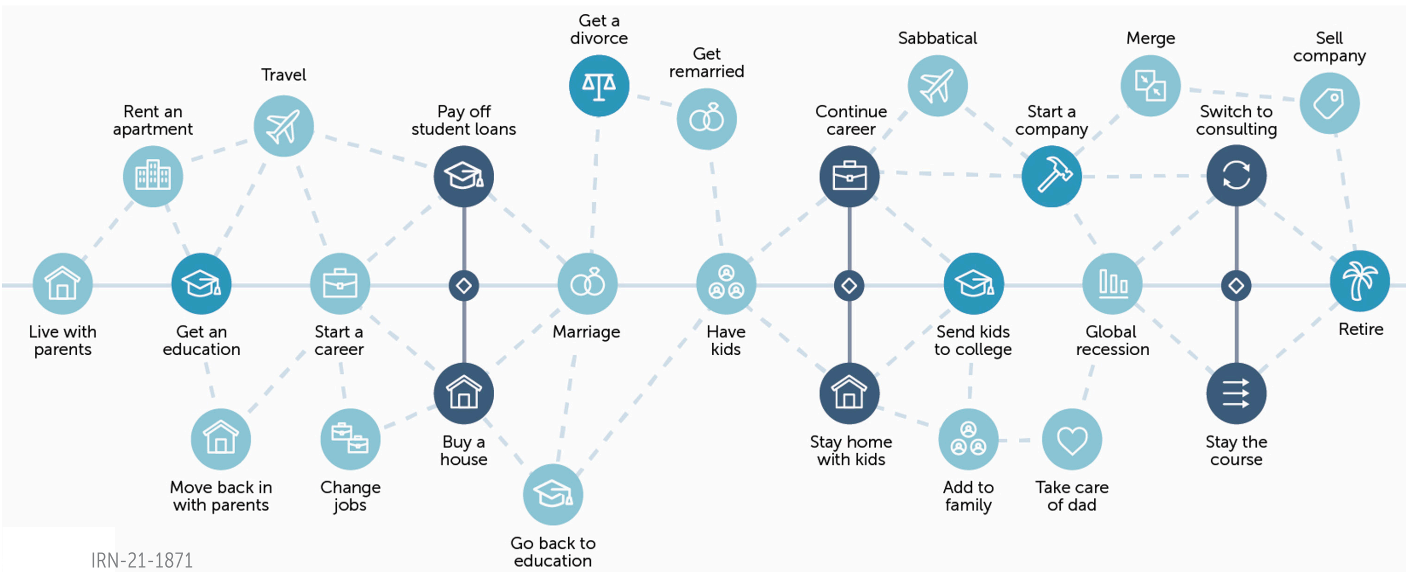
Your Journey

Design | Build | Protect is a method engineered to help you anticipate, navigate, and reflect on both expected and unforeseen life events and transitions. It helps bring a sense of order to the many paths in life we choose to undertake on our journey, as well as those thrust upon us. Its focus on your outcomes is meant to positively affect your life, materially and financially, but also in mind and heart. And, ultimately, it helps to bring a sense of calm and control as you pursue your unique journey through your financial life plan.



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The Buzz About Bitcoin

Bitcoin recently passed the trillion-dollar mark in value. In February, Tesla announced it purchased $1.5 billion of Bitcoin and CEO Elon Musk suggested that the company is positioning itself to accept Bitcoin as payment for its vehicles. MicroStrategy, a business intelligence firm, increased Bitcoin holdings for its treasury to more than $4 billion earlier this year. Headlines, and dollar amounts, like these may lead you to ask: What is Bitcoin and should I be invested in it?

Table 1

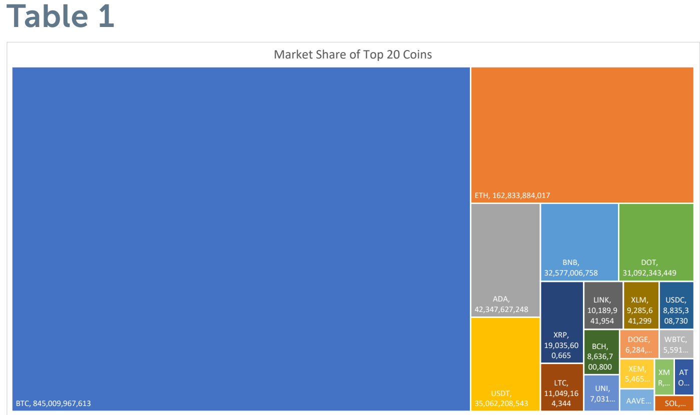
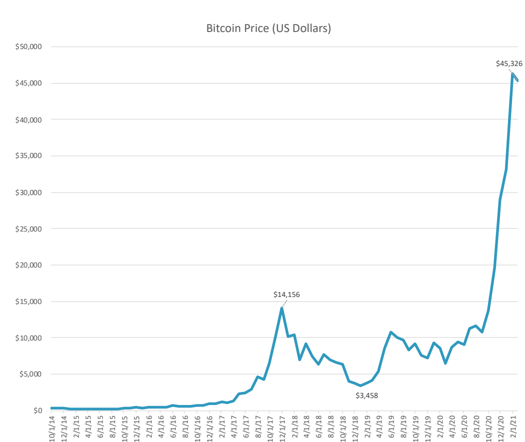


Table 2



What is Bitcoin?

At the most basic level, Bitcoin is a digital currency. Unlike conventional currency, Bitcoin is not supported by physical coins or bills that can be saved or shared; Bitcoin only exists digitally. While more than 4,000 digital currencies have been created, Bitcoin is the original, the most well-known, and currently the most valuable. (See table 1)

How does it work?

One of the most celebrated innovations of digital currencies is the method by which transactions are tracked and validated. Whereas conventional payment systems rely on a third party, like a bank or credit card company, to track how much money someone has and whether the person can pay what they have promised, digital currencies instead work by leveraging a combination of an open-source architecture, cryptography, and a lot of computer science.

Bitcoin exists as an open-source network, which just means that everyone can see the underlying code for Bitcoin and every transaction that has ever been processed. Everyone who owns bitcoin has a "key" that identifies their official record, effectively like a Bitcoin bank account. When one user wants to send Bitcoin to another user, the transaction is grouped with other transactions and must be verified through a process called proof-of-work. The basic idea is akin to balancing a checkbook – when you write a check, you make note of the amount spent, and then with some sort of regularity you review your bank statements to be sure they match with your records. Digital currency works in a similar way, but on a much broader scale. The proof-of-work process currently takes around 10 minutes to complete, and transaction fees can vary between $15 and $40. Once the proof-of-work is complete, multiple sources confirm that it is correct to verify the transaction and mark it as "official" in the public checkbook.

Why does Bitcoin have value?

Value for any currency is based on supply, demand, and trust. For instance, you accept dollars in exchange for the work you do because you trust you will be able to spend those dollars to buy food, groceries, and housing. Bitcoin is no different. Those who accept Bitcoin as payment or who store a portion of their wealth in Bitcoin believe that it will retain its value and that they will be able to use the Bitcoin they own to buy goods and services in the future or to exchange for a government-backed fiat currency. Furthermore, Bitcoin was invented with intentional limits on its supply, so it's likely that no more than 21 million Bitcoin will ever be "mined," giving buyers confidence in its future value.

The returns for Bitcoin have been extremely high – why?

The supply of Bitcoin is limited to the number of coins currently in circulation plus any additional coins generated through the proof-of-work process. Most Bitcoin is being held as a store of value; only about 4 million of the roughly 18 million Bitcoin created so far are currently circulating, with the rest largely being held in place. However, more users are joining the Bitcoin network and demand for the currency has increased significantly as more institutional investors make large purchases and more investors make speculative bets on the rising currency. Demand has exceeded supply, and the price has risen. (See table 2)

Is Bitcoin a good investment?

This is a hotly debated topic. Many cite four primary motivations for why Bitcoin could be a valid investment: an aspirational store of value that is independent of government-issued currencies, an inflation hedge, a medium of exchange for use in transactions, and the currency's security.

However, Bitcoin and all other cryptocurrencies are still at an embryonic stage of their lifecycle and the future of the space is largely uncertain. The technology driving them is likely here to stay, but for now, limit any purchase of Bitcoin or other cryptocurrencies only to what you are willing to lose.