

Challenge

John and Jane had accumulated a sizeable investment portfolio through hard work, diligent saving and wise investing. Now in their mid-60s and retired, they found they had more than enough money. Concerns about not having enough to retire were alleviated as they realized they would not spend all of their money during their lifetimes. To make it possible for their three children, Jenny (age 32), Joe (age 30), and Jason (age 27), to have the same peace of mind during retirement, John and Jane wanted to teach them the value of investing. John and Jane asked Allodium to help them create a plan for passing along wealth to their children, while also teaching them the value of saving and wise investing.

Recommendation

Allodium suggested creating three investment accounts for the children rather than directly giving cash. Jenny, Joe, and Jason were listed as the owners of their own accounts and Allodium was listed as the Advisor on the accounts. An in-person family meeting was facilitated by Allodium to convey John and Jane's wishes to the children, which included a plan to add to the account yearly. Allodium recommended an investment solution to professionally manage the investments with broad diversification and low-cost index funds. This approach helped the children avoid the risk of losing money through hot "stock tips." John and Jane explained to their children that they wished to see the investment accounts grow for their future, making it possible for their children to be in a financially sound position during retirement.

Result

John and Jane are now in their third year of giving annual financial gifts to the children. The children have taken pride in learning how to grow their investment accounts. John and Jane appreciate how the plan is working. They have accomplished their goal of teaching their children the value of saving and wise investing.



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