

# ***THE JACQUES AND MARIE BOUDREAUX***

## ***FAMILY FINANCIAL PHILOSOPHY***

### **PURPOSE**

We intend to use this Family Financial Philosophy as a personal guide for our estate planning decisions.

From the estate planning process, we expect it to create a simple system for wealth preservation, financial independence, charitable giving and a legacy/inheritance for our children.

### **SOURCES OF WEALTH**

We accumulated our wealth through our efforts, inheritance, building a personal business, employment earnings and successful investment.

We attribute our wealth to personal initiative, good money management, a supportive environment provided by each other, financial success of parents and the financial success of Jacques in real estate.

### **RESPONSIBILITIES AND OBLIGATIONS**

When it comes to the distribution of our wealth, first we feel a sense of obligation to each other; second to our children and stepchildren; and third to charity.

Regarding conservation of assets for heirs, we feel no particular responsibility to conserve assets for heirs, however, we are satisfied to have whatever is left of our estate pass to heirs upon the death of the survivor.

### **PRIMARY PLANNING GOALS**

Our primary planning goals are to ensure lifetime financial independence, to maximize inheritance for heirs, to make charitable contributions and to minimize taxes on death.

If we could distribute our estate any way we wanted at death, our ideal allocation would be 80% children and stepchildren, and 20% charitable and philanthropic giving.

Things that might influence us to create or revise our current estate plan are changes in circumstances, having a better understanding about our current financial status, having a better understanding about future needs of our family, having a better understanding about what we would like to accomplish with our financial resources, having a better understanding about the tax benefits of giving to charitable or philanthropic organizations and having a better understanding about tax-effective estate planning options.

If we had the wealth to do so, we would do more volunteer work. We would like to do more charitable giving, less work, spend more time with the family, and spend more time traveling.

### **FAMILY PHILOSOPHY**

At this time in our life, ethical values, such as honesty, justice, fairness; emotional values, such as compassion, kindness, generosity; public values, such as good citizenship, community involvement; economic values, such as financial responsibility, frugality, stewardship; work values, such as effort, punctuality, competence, professional achievement; cultural values, such as music, visual arts, travel; relational values, such as family, friends, work associates and philanthropic values, such as contributions of time and money to care for others are of greatest importance to us.

An important opportunity that affluence affords us is the freedom to control all aspects of our life, the ability to help others, personal and/or family financial security, the ability to start, manage, control or invest in business, the time to pursue personal spiritual development, the ability to work for the benefit of society and the ability to become a leader among our peers in responsible wealth management and deployment.

As we impart our philosophy regarding financial stewardship to our children, we hope they will appreciate the importance of living within one's means, avoiding deals that appear too good to be true, limiting investment to things that they understand, focusing on long-term growth, ensuring proper investment diversification, adherence to asset allocation, and minimizing the impact of taxes.

We believe it is inappropriate to disclose family financial resources to children.

We believe heirs should be informed of their potential inheritance only upon inheritance.

We prefer to leave our estate to our children; they can then determine if it is appropriate to pass a portion of the assets along to our future grandchildren.

When it comes to transferring family financial values to children and other heirs, we believe it is important to demonstrate values by how we lead our daily life.

We would like to perpetuate our values through a family foundation or other planned giving vehicle.

If we give our children too large an inheritance at too young of an age, they are likely to lead less productive lives and may even suffer a loss of self-worth.

We believe that a large portion of our wealth should be left to our children under their control only when they are mature enough to handle the responsibility.

### **FINANCIAL INDEPENDENCE**

According to our definition of financial independence, our present assets and income exceed what we need for financial independence.

In order to assure our lifetime financial independence, we estimate that we will need annual after-tax income of \$82,000 increasing at an annual inflation rate of 4% plus an 8% return on investments.

With regard to ownership or control of our assets, we are comfortable relinquishing ownership of some assets as long as we maintain control and retain access to all income.

### **FAMILY LEGACY**

Our best estimate of how our estate would be allocated if it were distributed as it exists today is 12% Taxes; 88% Heirs.

If there were no limit to the amount of wealth we could leave our heirs, the total dollar amount we would leave our heirs is \$10,000,000.

We believe our children do not possess the necessary skills to manage wealth and we do feel a responsibility to prepare them to do so. In addition, we prefer to pass assets in trust, or by another means that assures professional management until they reach a certain age or maturity

Regardless of the children's individual needs, we believe parents should leave children as much as possible with the expectation that they would still be productive.

Regardless of his or her individual circumstances or needs, we believe that Annabelle, who is now 28 years old, and Justin, who is now 25 years old, should receive equal shares of Jacques's separate property. However, we are concerned that Justin, who has had substance abuse problems, and has a hard time keeping a job, could lose his inheritance. We believe that Hannah, who is now 18 years old, should receive all of Marie's separate property. We both believe that all of the children should receive equal shares of all of our community property.

We may transfer some assets during our lifetime, but will wait to transfer the largest portion of our estate at our death.

### **SOCIAL CAPITAL LEGACY**

If we were required to give estate assets away, and our only choices were government and charitable purposes, we would like to see the allocation as 0% government, 100% charitable purposes.

As long as our intended family legacy is not compromised, we would consider charitable gifts as part of our estate plan.

Regarding volunteer time and money, we have been active with charitable organizations and plan to continue at our current level of involvement or increase our level of involvement.

Regarding the transfer of assets for charitable purposes, as long as our financial independence and intended family legacy are not compromised, we would consider making charitable gifts during our lifetime.

On a scale of 0 to 10 (0 = not at all satisfied; 10 = extremely satisfied), we would rate our level of satisfaction with the current effectiveness of our charitable gifts of money and time in improving the well-being of others as a 9.

When it comes to the amount of financial resources we allocate for charitable purposes, we are likely to increase the overall level of our charitable contributions if our net worth increases, if tax incentives increase, if we find a new and worthy cause about which we feel especially passionate or if we find out that we have more financial resources than we, or our family, will ever need.

We are attracted to the idea of a personal or family foundation, donor advised fund or other planned giving vehicle.

Regarding the concept of family or 'shared' philanthropy, we want our family to be involved with us in our charitable activity, although we believe philanthropy is better carried out individually or, at most, as a couple.

Of all the general categories of charitable purposes, the ACLU and the environment ranks first; education ranks second; arts, culture and humanities ranks third; and religion or spiritual endeavors ranks fourth among the issues that are most important to us.

Regarding recognition for our philanthropic contributions, we prefer a thank you letter and the ability to affect change.

If we were required to give \$1,000,000 of someone else's money to charity this year, Jacques would allocate it in the following manner:

- (1) The Green Project 20%;
- (2) Unity for the Homeless 20%;
- (3) ACLU 20%;
- (4) Priestly School or other building/preservation school 10%;
- (5) SPCA 10%;
- (6) GNOF 20%.

Marie would allocate her \$1,000,000 differently as follows:

- (1) ACLU \$500,000;
- (2) Louisiana Environmental, including The Green Project \$150,000;
- (3) Education/Scholarships \$200,000;
- (4) Arts \$150,000.

**Jacques Boudreaux** \_\_\_\_\_ **Date**\_\_\_\_\_

**Marjorie Boudreaux** \_\_\_\_\_ **Date**\_\_\_\_\_