Taking Control of Your Financial Future

Smart actions empowered investors are taking to rebuild their wealth and adapt to a changing economy
Empowered Investors Want More Control Over Their Financial Future

They Want A More Active Role In Their Finances
Only 24% of retirement plan participants are confident their retirement savings are wisely invested.¹

They Are Seeking Out The Right Help
Many investors shifted their retirement assets from brokerage houses to their primary bank relationships during financial crisis.⁶

They Are Looking At The Bigger Picture
56% of retirement plan participants are unsure about how much money they will have saved by the time they retire.¹

They Are Adapting To Change
43% of retirement plan investors are reevaluating the way they invest to ensure they can reach their retirement goals.¹

They Expect More Engagement
Only 34% of affluent investors are satisfied with the level of service their financial advisors provided during the financial downturn.⁴
Five actions empowered investors are taking to rebuild their wealth and adapt to a changing economy

In reaction to these generational changes to the economy, engaged investors are rethinking their approach to retirement planning and investing. They want to adapt their plans to the changed economy and better position themselves to achieve their goals and dreams as the market recovers. They are looking for:

- Personalized and objective advice,
- More comprehensive planning and expertise, and
- A trusted financial partner to help them monitor changes and update their plans over time.

This experience has taught investors that things will be very different in the future, from the types of investments they make, to the risks they want to take, and to the income needed to support their lifestyle goals in retirement.

Combining industry research with our years of experience, BB&T has outlined five steps that will help you become a more empowered investor by adapting to a changing markets and rebuilding your wealth in the economic recovery:

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These practical steps are explained in this report so you can begin to take control of your financial future and achieve your goals for your retirement, your family and your legacy.
TAKE A MORE ACTIVE ROLE

By becoming more actively involved in retirement education, planning and investment decision-making

Empowered investors are taking a more active role in retirement and investment planning to achieve their goals in a changing and volatile world. Rather than delegate investment decision-making to their financial advisors, they are trying to learn more about their finances and want to take a “seat at the table” with their advisor in retirement and investment planning. Nearly seven in 10 investors of all wealth levels say they like to be actively involved in the day-to-day management of their investments.2,4

As part of this trend, investors are actively looking for more education and advice from their financial advisors to help them tackle their biggest concerns. These include:

- **Navigating policy uncertainty.** Investors are concerned that the government has initiated new policies, taxes and regulations that can potentially impact their retirement timing, income and lifestyle assumptions. These new rules apply to a wide range of aspects from qualified retirement savings that are sheltered from taxes, to future health care costs and the safety and yields of cash held in the bank. For example, the impact of inflation and the affordability of health care are top concerns to over three-quarters of affluent investors.2

- **Managing the new risks of a changing economy.** Investors realize that the market has changed since the financial downturn and that there is generally more uncertainty in the market. For example, one measure of uncertainty is the VIX S&P 500 volatility index which measures the predictability of stock prices.7 Even though the Index has fallen from its all time high of 80 during the peak of the economic downturn, it is still twice pre-recession levels, reflecting a good deal of market volatility remains.

- **Rebuilding their balance sheets.** Investors want a recovery plan to take full advantage of the market recovery and get them back on track for retirement. Some investors are increasing savings. Personal savings rates have risen from close to zero in 2006 to over 4% in 2009.9 Other investors are changing their investment strategies, with 43% of plan investors stating they are changing the way they invest to improve their chances of reaching their retirement goals.1

- **Anticipating rising taxes.** Investors are concerned that a rising tax environment will impact investment and wealth transfer decisions they need to make today and the amount of money they can keep or pass on to their heirs tomorrow. For example, many parts of the estate tax laws will likely change in the coming year, not to mention other income, dividend and payroll tax changes that are in the works.

The net worth of the average investor dropped by 30-40% during the financial crises.

The Second Opinion Checklist

**Ten Smart Questions To Ask your Financial Advisor**

1. Are there options for investing my cash, money market and CDs that generate more income?
2. Am I still on track for retirement after the financial downturn and the recession?
3. What should I be doing with my real estate and land investments?
4. What is my level of certainty with the investments I have made?
5. Have I explained how I want my wealth distributed to my family, heirs and successors well enough?
6. How much income will I need to achieve my lifestyle goals in retirement without working?
7. Are my retirement assets working as hard as they can, and working well together?
8. What are the best opportunities to pursue in the global economic recovery?
9. What policy and tax changes will impact my retirement plan this year?
10. Who will fill my shoes and mind the business when I finally decide to retire?
Finding safe investments that generate income. Risk-conscious and retirement-aged investors are concerned about the low yields they are getting on their investment in money market funds and Certificates of Deposit.

Your financial advisor should be able to educate you about options to consider in your plan. To help you become smarter about your financial plan and make sure you are getting answers to all of your most pressing questions, BB&T has created a Second Opinion Checklist that details Ten Questions Smart and Engaged Investors Are Asking Their Advisors. If you have not received one already from your BB&T relationship manager, you can get your copy e-mailed to you by calling BB&T Private Financial Service Center at 888-888-8888.

SEEK OUT THE RIGHT HELP

By seeking out financial partners who offer more objectivity and breadth of expertise

In the wake of the financial downturn, many investors are looking for more expert and objective advice, but don’t know where to turn to get it.

Engaged and empowered investors are actively seeking out more objective financial partners and are shifting assets to institutions that offer the wider breadth of capabilities. For example, investors with between $100,000 and $1 million in retirement assets are realizing they need a broader set of expertise and services to address their investment and retirement planning concerns and achieve their wealth transfer goals. Many of these “underserved” investors are shifting their retirement assets from investment brokerage houses to their primary bank relationships as a consequence of the financial downturn. This is because many quality banks offer investors a more comprehensive range of expertise - including investment, insurance, trust, and transition planning services – and added stability during these dynamic times.

There are two practical ways to find financial partners who offer more objectivity and breadth of expertise:

1. Get a second opinion. Get a “second opinion” on your financial plan from experienced advisors with institutions you respect, including your bank. You can use the BB&T Second Opinion Checklist as a conversation starter. Then add your own questions. If you get more complete answers to these questions than the ones you are getting today, you are on track to make a switch. If you have not received one already from your BB&T relationship manager, you can get your copy e-mailed to you by calling BB&T Private Financial Service Center at 888-888-8888.

2. Look at your advisor’s business model. If you want to find an objective financial partner, look for an advisor who is paid a base salary instead of sales commissions or transactions fees. Check to see if they have an incentive plan based on client satisfaction or service levels. Organizations that charge a separate fee for advice or planning tend to be more unbiased because they are under less pressure to justify their advice with commissions on trades or the sale of proprietary funds. Financial institutions that have a business model based on an open investment architecture can offer you a wide variety of non-proprietary funds.

Only 13% of retirement plan participants are confident about having enough money invested for a comfortable retirement
LOOK AT THE BIGGER PICTURE

By creating a comprehensive and personalized retirement plan that looks at the whole financial and investment picture

Most retirement plan participants are not confident their retirement savings are wisely invested. One reason for this is they are not getting the breadth of advice and expertise they need. For example, many investors are only getting advice about part of their retirement picture – their non-qualified investible assets such as stock, bonds, funds, managed accounts, and alternative investments. These “non-qualified assets” typically make up less than a quarter of the total net worth of the average household.

A fractured view of the retirement picture makes it difficult to develop, manage and track a meaningful retirement plan. Keeping assets in many different places also makes it difficult to see the entire picture so you can manage your risks, maximize returns, and track your progress against your retirement goals.

- Keeping assets at different institutions does not necessarily mean they are properly diversified.
- Keeping assets in different accounts makes it hard to optimize your taxes and expenses because different investments have different taxes and fees associated with them.
- Investing in different funds or Exchange Traded Funds (ETFs) may not mean you are adequately diversified. For example, in the emerging markets sector, different funds tend to pick the same underlying stocks because these young markets have few large cap stocks from which to choose.

Empowered investors have learned it is important to look at the big picture to make sure their assets are working hard for them and are working well together. They are demanding a comprehensive retirement plan that provides a more complete picture of their financial health including:

- Non-qualified investable assets such as stock, bonds and CDs
- Qualified retirement savings plans such as 401(k), IRAs and SEPs
- Real estate including personal residence, second home, investment/rental and commercial properties
- Business assets which they plan to sell or pass along to their successors
- Insurance to help mitigate risk
- Annuities that provide income into retirement

The Average Composition of Net Worth of Mass Affluent Households with between $100,000 to $1 Million in Retirement Assets

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<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Principle Residence</td>
<td>23%</td>
</tr>
<tr>
<td>Qualified Retirement Plans (401k/IRA)</td>
<td>16%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>14%</td>
</tr>
<tr>
<td>Investment</td>
<td>14%</td>
</tr>
<tr>
<td>Non-Qualified Investable Assets</td>
<td>22%</td>
</tr>
<tr>
<td>Business</td>
<td>16%</td>
</tr>
<tr>
<td>Business insurance</td>
<td>9%</td>
</tr>
</tbody>
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Taking a holistic and coordinated view of your retirement assets like this is important to achieving your overall wealth and lifestyle goals. To do the job properly, your financial planner should be able to help you look across all of your investments to understand:

- **How hard your money is working toward your retirement** - by calculating your “risk adjusted” rate of return across all asset classes.
- **How well your investments are working together** - by identifying any underlying asset concentrations across investments that create unnecessary risk.
- **How well you are minimizing taxes** – by using strategic portfolio management techniques that ensure you are paying as little tax as possible.
- **Minimizing fees and penalties** – by optimizing loads, transaction fees and ensuring compliance with regulations to avoid penalties for early withdrawal.
- **Calculating income during retirement** – by anticipating cash flow from fixed income, annuities and defined benefit program assets.
- **Keeping your retirement plan on track** – by calculating how much money you will have accumulated by retirement.

*BB&T Private Financial Services Advisors create a holistic and customized “Living Financial Plan” that supports your current goals and is carefully monitored and adjusted over time as needed to accommodate changing goals and circumstances*

Only 14% of Baby Boomers have a written retirement plan\(^{10}\)
ADAPT TO CHANGES

By adapting plans to market, policy, and life events to manage risk and stay on track to their goals

Many investors are rethinking their approach to retirement planning to adapt to changing markets and to start rebuilding their wealth in the economic recovery. Investors who experienced the financial downturn have learned that changes to the economy, financial markets and government policies can potentially impact their retirement plans and personal wealth. These adaptable investors learned that:

- A retirement plan is a continual process not a one-time exercise. A relationship with financial advisor is an ongoing partnership that requires execution and monitoring in addition to the creation of a wealth plan.
- Changing circumstances in their personal lives as well as the broader economy may require them to make adjustments to their plan.
- Higher levels of uncertainty and volatility necessitate more frequent updates to their plan. For example, in the book “Leadership in the Era of Economic Uncertainty” (McGraw Hill 2009), Author Ram Charam emphasizes the need to increase the “frequency of control” by updating targets on a quarterly, monthly or even weekly basis to manage in an increasingly fast-paced and uncertain economy.

As a consequence, empowered investors are managing risk and staying on track to their goals by:

- Updating and adapting their plans on a regular basis with their financial planner.
- Monitoring the key market, performance and life indicators that impact their financial goals.
- Actively managing the market, policy and economic uncertainty that surround them without sacrificing risk adjusted returns and missing opportunities.

To make it easy for you to monitor and adapt to change, BB&T has developed the Ten Changes You Can Monitor with Your Financial Planner worksheet found in the Appendix of this report or you can ask your Financial Advisor for The “Ten Changes” worksheet. The worksheet explains why each change is important to your wealth goals, and what you can do to actively manage the impact of these market, economic and life changes on your retirement plan.

Ten Changes to Monitor with Your Financial Planner

1. Economic growth
2. Market volatility
3. Policy and tax changes
4. Interest rate expectations
5. Inflation expectations
6. Job changes
7. Family changes
8. Marital changes
9. Real estate transactions
10. Transition to retirement
EXCEPT MORE ENGAGEMENT

By asking for higher levels of service and advocacy from their financial advisors

Because of the importance of continuous plan monitoring and updates based on changing circumstances, empowered investors are expecting more from their financial advisors, including:

- **Higher levels of service** – they want someone to answer the phone or return their call promptly. The top reason high net worth investors consider switching financial advisors is that their advisors don’t call them back as promptly as they would like. Empowered investors should expect regular access to advisor who understands their plan and can address their issues. Investors also should expect regular updates and alerts about changes that might affect their plans.

- **Advocacy** – they want an advocate who has their best interest in mind and acts as the primary point of contact for accessing and coordinating all of the resources necessary to help reach financial goals. Investors expect their advisors to act like the quarterback of a team of experts in investment, trust, insurance and banking to help them with the full range of financial needs that emerge over time, including:
  - **Tax planning** – to reduce the taxes paid on investment returns, retirement income, and assets passed along to their heirs.
  - **Investment planning** – to create a customized investment plan that helps them achieve their wealth creation goals but still allows them to sleep well at night.
  - **Estate planning** – to preserve assets and ensure wealth is distributed to their spouse, children and charitable interests in the manner desired, without undue taxes.
  - **Risk management** – to help preserve and protect wealth.
  - **Strategic credit** – to balance short term obligations with long term wealth strategy.

33% of affluent investors don’t get their calls returned by their financial advisor in the same day
**Action Plan**

There are several practical actions you can do today to adapt to new risks and opportunities in the market and position yourself to achieve your goals and dreams:

1. **Make sure your plan is up to date.** Review the Ten Changes to Monitor with Your Financial Advisor worksheet at the end of this report to determine if your financial plan reflects recent changes to your life, family situation, the tax code, and the current economic outlook to make sure your plan is up to date. Discuss the list with your current advisor or an objective and expert planner.

2. **Get a second opinion.** Review the Second Opinion Checklist with your current advisor or an objective and expert planner. If you have not received one already from your BB&T relationship manager, you can get your copy e-mailed to you by calling BB&T Private Financial Service Center at 888-888-8888.

3. **Consider meeting with a BB&T advisor.** If you already bank with BB&T, or are looking for an objective and expert planner, consider meeting with a BB&T Private Financial Services Advisor. In one free personalized consultation we can address the issues on the Second Opinion Checklist. We can also help your spouse and family with their issues as part of a comprehensive and personalized plan. To meet with a local BB&T Private Financial Services Advisor, ask your banker or call our Private Financial Service Center at 888-888-8888.
How BB&T Can Help

Many people who bank with BB&T are not aware that we have a team of objective and expert financial planners with the skills and expertise to address the full range of wealth advice and who can help you take control of your financial future by delivering the objectivity, breadth of expertise, and advocacy empowered investors deserve.

TAKE A MORE ACTIVE ROLE

To make it easier for you to become smarter about your financial plan and get the answers you are looking for, use the BB&T Second Opinion Checklist that outlines Ten Questions Smart and Engaged Investors Are Asking Their Advisors. You can get your copy by calling BB&T Private Financial Service Center at 888-888-8888.

FIND A TRUSTED ADVISOR

You can arrange a free “second opinion” consultation with a local BB&T Private Financial Services Advisor by calling the BB&T Service Center at 888-888-8888. Our Advisors act as your advocate, providing objective recommendations that help you leverage BB&T’s extensive network of resource-encompassing investments, estate planning, insurance, strategic credit, tax planning and preferred banking services.

DEVELOP A PERSONALIZED HOLISTIC PLAN

To help you look at the bigger picture, a BB&T Private Financial Services Advisor can create a holistic and personalized “Living Financial Plan” that supports your current goals, while taking into account your long-term objectives. Your “Living Financial Plan” will be carefully monitored and adjusted over time, as needed, to accommodate changing goals and circumstances and make sure your assets are working hard and well together for you.

ADAPT YOUR PLAN TO CHANGES OVER TIME

To help you adapt to market dynamics and changing life circumstances, review the Ten Changes worksheet with your BB&T Private Financial Advisor. We’ll use this and other information to form an ongoing partnership with you, including a “client activity plan” for monitoring and updating you over time with a guarantee of at least one annual plan review.

GET THE SERVICE AND ADVOCACY YOU NEED

BB&T is the only financial services company to be named as the Business Week Customer Service Champion in 2010. To ensure responsiveness, Advisors in the BB&T Private Financial Services Service Center answer the phone personally and observe a “sunset rule” that requires advisors to return calls by the end of the day.
Sources and Citations

To develop this analysis, BB&T Private Financial Services compiled research and best practices from a range of internal and external experts on wealth management. Third party experts and sources cited in this report include:

1. Employee Benefit Research Institute 2009 Confidence Survey of retirement plan participants.
2. The Spectrem Group “2009 Mass Affluent Study” an analysis of 1,500 mass affluent households with net worth between $100,000 to $1 million dollars in July 2009.
3. The Spectrem Group “2005 Mass Affluent Study” an analysis of the asset mix of mass affluent households with net worth between $100,000 to $1 million dollars in November 2005.
5. BAI 2009 Retirement Benchmark Study analysis of 2,500 investors in September 2009
6. The Chicago Board Options Exchange Volatility Index, often called the fear index, represents one measure of the market’s expectation of volatility over the next 30 day period. A high value corresponds to a more volatile market and therefore more costly options, which can be used to defray risk from this volatility by selling options.
8. US Household Savings Rate calculated by the U.S. Bureau of Economic Analysis
9. An analysis of 382 baby boomer investors between the ages of 50 and 55 years of age conducted by SunTrust and the Boomer Project, in Fourth Quarter of 2008

Disclosures

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APPENDIX
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<th>Why it Matters</th>
<th>Issues To Discuss With Your Advisor</th>
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| Economic Growth     | Eighty-two percent of affluent investors are highly concerned about the strength and sustainability of the market recovery. This makes sense because most elements of your retirement plan—your job, salary and company retirement contributions, home value, stock portfolio and investment outlook—depend heavily on economic growth. So your savings plan and growth assumptions need to reflect the short and long term economic outlook. | • Discuss regional gaps in global market recovery that could create risks and opportunities in your investment plan.  
• Test your retirement plan against several alternative economic growth scenarios and compare them against quarterly economic and market updates. |
| Market volatility   | Volatile markets create risk and investor fear, but also opportunities and returns. It is important to be on the lookout for major disruptions in the market, like the collapsing of the decline of the real estate industry, or a default on a loan that can put your retirement assets at risk. Volatility can also impact your cash flow because when markets become too risky, investors shift more money into safe havens like money markets and CDs, reducing the income you can generate from those assets. | • Ask your advisor what asset classes are particularly risky in the market going forward and reallocate your investments to avoid exposing yourself to that risk.  
• Discuss sectors that are particularly distressed like real estate, automobiles, or highly leveraged hedge funds so you can reallocate and diversify to avoid these risks.  
• Discuss your willingness to take on market risk in order to achieve higher risk adjusted returns on your investments. |
| Policy and taxes    | Rule changes by the government can impact your retirement plans with penalties, taxes and less flexibility. Investors need to adjust their short term and long term plans to accommodate rising taxes across the board including income, estate, dividend, payroll and capital gains taxes. | • Make sure you are taking advantage of limit increases on FDIC insurance protection and tax deferred retirement 401(k) or IRA contributions.  
• Discuss changes to estate taxes and trust rules so you can adjust your gifting and distribution plans and timing, as well as update your documents accordingly. |
| Interest rates      | Today’s interest rates and investment yields are low because of a slow economy, expansive monetary policy and an investor retreat to “safe” assets like FDIC-insured money market accounts and CDs. Investors should watch interest rates for a number of reasons. Low interest rates and CD yields can reduce your investment income. But low interest rates also create a range of opportunities to refinance to reduce your costs or transfer assets to your heirs at low tax rates using interest sensitive trust vehicles. | • Discuss safe alternatives to cash and CDs that generate income and fit with your overall financial plan, including annuities, bonds, and brokerage CDs and dividend stocks.  
• Discuss tax efficient trust and gifting options that take advantage of low interest rates.  
• Explore strategic credit strategies, while interest rates are low, that can help you reduce estate taxes, diversify concentrations of illiquid restricted stocks and ensure your debt load is balanced and well managed. |
| Inflation expectations | Sixty-eight percent of investors are concerned about the impact of inflation on their retirement plan. With the growing federal deficit and global competition for energy and resources, the long term outlook for inflation suggests prices could go up. Historically low inflation in the U.S.—with prices rising about three percent every year—leaves room for your investment returns to reasonably exceed inflation without taking on excessive risk. But if inflation grows faster than expected, you may have to rethink your budget assumptions for retirement. | • Revisit your income assumptions based on different inflation scenarios to ensure you can maintain your lifestyle in retirement.  
• Review the projected risk adjusted returns on all of your retirement assets to ensure they will grow faster than inflation.  
• Consider using alternative options such as insurance or annuities to mitigate the impact of inflation on your retirement income. |
| Transition          | The decision to transition to retirement forces many tactical and strategic decisions to be made. Upon retirement, your investment strategy will need to shift from asset building to income replacement. This is also a good time to make sure your documents are in order by putting a will in place, inventorying your account titles, and matching them against your transfer plans. | • Rebalance retirement investments to optimize income and tax efficient distribution.  
• Assign a durable power of attorney to ensure you will have the appropriate representation in any situation.  
• Engage in business succession planning—who is going to fill your shoes when you leave your business. |
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| Job            | A new job brings new income levels, benefits and expectations as well retirement plan assets and perhaps restricted stock or stock options from your old job. If your income and tax bracket has changed, you need to make sure you are budgeting the right amount for savings and deducting the appropriate level of taxes. If you had stock options or restricted stock in a single company, you may want to diversify such a concentration if you no longer work for that company. If you had a retirement plan with your old company, you need to decide whether to roll the funds to other vehicles where you may get better returns or enjoy more control. | • Tune your tax and retirement withholdings to reflect changes in your income and tax bracket.  
• Consider the timing, taxation, diversification and transferability of stock options and restricted stocks.  
• Have your advisor make sure the investments in both your old and new retirement (401(k)) plan are working well together and coordinated with your overall retirement strategy.  
• Consider the rollover of a 401(k) which will allow you better control over your investments, more investment options and improved diversification. |
| Family         | Over two-thirds of mass affluent investors view the financial situation of their extended family as a top concern according to a 2009 study of investors with assets between $100,000 and $1 million. Children – and grandchildren - can change your financial priorities. They also require long term planning decisions regarding education savings and the distribution of your estate. When your family expands, making early decisions about college savings, gifting strategies, and descendant and legacy planning can have a big financial impact in terms of lower taxes and higher returns. | • Discuss tax deferred college savings options such as 529 savings programs.  
• Consider making changes to your life or disability insurance to protect your children's future.  
• Make sure you update your descendant and legacy plan when your children turn 18 or your financial situation changes.  
• Discuss insurance strategies that can help mitigate estate tax liabilities and equalize inheritances. |
| Marital        | A marriage or divorce can mean big changes to your short term budget and long term retirement goals and lifestyle assumptions. In the short term, a change in marital status will create the need to consider joint budgets, titling of assets, and personal insurance to ensure your spouse’s financial independence. Over the long haul, it makes a lot of sense if you and your partner in life can mutually agree on financial values and your retirement lifestyle and income assumptions. | • Discuss your family budget and financial philosophy with your advisor and your new spouse to create a foundation for developing joint savings and investment and retirement goals.  
• Review the titling of assets to reflect your new status.  
• Consider adding life insurance or disability to ensure your spouse's financial independence.  
• Review your assets together to learn about your mutual expectations of income, tolerance for risk, time horizons and liquidity needs. |
| Real Estate    | Real estate is the largest single asset of many investors, so buying and selling a home is very significant. Residential and commercial real estate values have yet to recover from the recession, and over 20% of homes have values that are less than the mortgage. It is important to forecast how and when real estate values will recover in your overall retirement plan and explore strategies to refinance, gift, lease or diversify your real estate holdings if values remain depressed. | • Discuss strategic credit structures that address short term liabilities but ensure your debt load is balanced with other elements of your retirement plan.  
• Discuss the implications of tax code changes on second home sale exclusions.  
• Explore opportunities to tax efficiently gift real estate to your heirs while values and interest rates are depressed.  
• Know your options for leasing commercial real estate to create retirement income. |

1. The Spectram Group “2009 Mass Affluent Study”, an analysis of 1,500 mass affluent households with net worth between $100,000 to $1 million dollars in July 2009.  
2. Employee Benefit Research Institute 2009 Confidence Survey of retirement plan participants.  
3. S&P Case Shiller Index of U.S. Housing Prices