



..... “ONE GENERATION Plants the Trees;
the Next Generation gets the shade.”

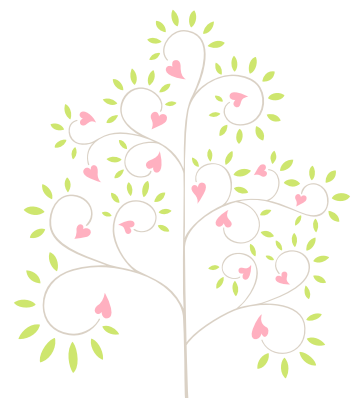
— Chinese Proverb

Growing a tree is about more than just seed and soil. It requires time and dedication beyond planting. Trees depend on watering and grooming to survive and thrive, especially in their infancy. Proper care and maintenance will help ensure a tree can withstand most storms with just a few broken branches. It can then stand the test of time and be around for future generations to enjoy.

Your financial life also needs attention and care. Maintaining financial stability requires planning for the future throughout life — incorporating not just your goals, but also those for your children, parents and others. As your life evolves and changes, your financial plan must be revisited to ensure it is keeping pace with your changing needs. With proper maintenance, your financial plan should be able to withstand the storms life may throw your way.

Establishing sound financial practices will help you make a difference throughout your life and possibly for future generations. The values and lessons you learned from your parents helped you get a good start in life, and passing along the lessons you have learned to the next generation will allow them to enter their adult years with confidence.

Leaving a legacy is more than just one act, or the planting of one seed. The work we do *throughout* our lives is the most impactful and far-reaching.





My Plan

Building a Legacy

Even later in life, there is the opportunity to look ahead.

We work hard throughout our lives to be able to provide for ourselves and our families with the dream of a long, fulfilling and comfortable retirement. If we are fortunate enough we may be able to meet our retirement needs and leave a legacy to our children and grandchildren.

Inheritances and gifts have historically accounted for between 20 and 50 percent of total household wealth accumulation in the U.S.¹ Gifts might include family heirlooms, a family business or any other assets of value. Most people think that assets are transferred upon the death of the deceased via their Will. However, the primary methods of transfer include beneficiary designations, joint assets with rights of survivorship, transfers on death, and trusts, to name a few.

It's important to consider both what you're giving and how it will be distributed and taxed when building your legacy plan. You'll want to make sure your gifts provide the greatest possible benefit to you and your heirs.

Life insurance has long been recognized as a cost effective and tax efficient method of leaving a legacy and plays a key role in many popular estate planning techniques. One technique is a **Multigenerational Legacy Plan**. This concept enables elder family members to help younger generations by purchasing a permanent life insurance policy. Permanent life insurance provides both a death benefit and cash value accumulation*, and if properly structured, can positively meet the planning goals of multiple generations.

Key benefits of a **Multigenerational Legacy Plan** with permanent life insurance include:

- Income tax-free death benefit
- Tax-deferred growth of cash value
- Potential tax-free access to cash value that can be used to meet a variety of needs*
- Protection from creditors (varies by state.)

A **Multigenerational Legacy Plan** involves the grandparents buying permanent life insurance on their adult children. The life insurance policy enables the grandparents to build a legacy while maintaining control of the policy.

As owners of the policy the grandparents can access the accumulated cash value if needed, during their lifetime. They can also structure the policy to help provide financial security across generations through a **Multigenerational Revocable Trust**. This type of trust is designed to own the policy and provide benefits for both the children and the grandchildren, who ultimately receive the death benefit.

If you are looking for ways to efficiently transfer your assets to future generations, talk to your financial professional about how permanent life insurance can enhance your legacy plan. Also consider consulting an estate attorney regarding how both federal and state tax laws may impact your situation.

* Life insurance cash values can be accessed through loans and withdrawals, which will reduce stated cash value and death benefit amounts. And, life insurance may be subject to certain costs, exclusions, limitations and terms to maintain coverage.

1 <http://www.bls.gov/ore/pdf/ec110030.pdf>

Did you know? The Inflation Factor and Your Retirement Income

We're all familiar with the lamentations of older generations looking at the cost of goods today and recollecting how in their day a few dollars would cover the grocery bill.

While it might sound like an exaggeration, it's true that in the early 1960s a home cooked family meal could be had for a **dollar or less**. A gallon of milk was **95 cents**, a pound of sirloin steak was **85 cents** and a pound of pork chops was **\$1.03**. Keep in mind that in 1960 the average U.S. family's annual income was **\$5,600** and the average woman's income was **\$1,300**.²

It's easy to look back wistfully, but important to also recognize the reality that inflation will impact your future. Consider that a 78 year old

that started saving for retirement in 1960, but didn't factor inflation into her financial plan, may very well be feeling the pinch of inflation in retirement today.

Taxes and medical costs will also impact how far your money goes in retirement and needs to be addressed in your long-term financial plan. Contact your financial professional to schedule a personal coverage review if you haven't had one in the last 12 months or if you've had any changes to marital, parental, employment, income or health status.

2 <http://www2.census.gov/prod2/popscan/p60-036.pdf>



Mother of Invention

A cymbal of success

It may surprise you to learn that your favorite jazz trio and your son's or brother's beloved punk rock band have something in common. That something? Zildjian cymbals. The Avedis Zildjian Company is the leader in the cymbals market, controlling 65 percent of the world's cymbal production and generating more than \$50M in revenues in 2012, according to the BBC.³ And, its history is one that proves that leaving a legacy can last for generations.



The company was started in 1618 by Avedis Zildjian I, an Armenian alchemist who discovered an alloy of metals that became the raw material for Avedis Zildjian's cymbals. The company operated out of Turkey until Avedis Zildjian III took over leadership in 1929 and moved the headquarters to Massachusetts.

Throughout this long history, the Zildjian Company has remained a family-owned business. In a landscape where only a third of family businesses make it to the second generation, and just 12 percent make it to the third⁴, the centuries long success of the Zildjian family is unprecedented. For 13 generations, men led the Avedis Zildjian Company, until 1999 when Craigie Zildjian, 14th generation, became the first female CEO of the company. Craigie initially joined

the company in 1976, followed by her sister Debbie, who joined the company in 1980.

Under Craigie and Debbie's leadership, the company has continued to thrive by balancing its commitment to quality and trust with its penchant for innovation. Notably, Zildjian navigated the recent economic downturn without layoffs and, with the exception of two months, has had payouts across the last fifteen years.⁵

In addition to furthering the business success of the company, Craigie has invigorated the company's commitment to education through the establishment of numerous competitions and scholarships. The Zildjian Family Opportunity Fund is one example of programs the firm spearheaded to advance the art of percussion.

Craigie and Debbie are optimistic that the company will remain successful for generations to come if they stay true to their family roots and continue to heed their father's advice: "Follow the music."



While it can be hard to fathom building a legacy of your own that will last for 14 generations, taking a closer look at the future impact you'd like to make on your family can prove to be an important exercise.

Shoebox

"Walk a mile in their shoes."

This Cherokee Indian proverb implies that we shouldn't criticize someone before taking a moment to try to see things from their point of view.

We can also apply these words of wisdom to taking a moment or two to learn from generations before us. They may not be as adept at navigating smart phones or Facebook as younger generations, but they have vast experience and likely have some invaluable wisdom that can benefit you. Elders in your family want you to succeed and will likely be happy to share their secrets for success and advice for avoiding costly mistakes. All you have to do is ask.

As we forge our own path, we should incorporate lessons learned from our elders to insure that we're stepping in the right direction. And, we must be mindful of providing generations that will follow us with sound advice we have learned along the way.



³ <http://www.bbc.co.uk/news/business-18261045>

⁴ http://money.cnn.com/2008/07/08/smallbusiness/family_business.fsb/

⁵ <http://www.thewimn.com/zildjian-sisters-craigie-and-debbie-zildjian-interviewed-by-nbc-today-show/>

In Your *Corner*

Financial Literacy for Children

Educating children about the importance of financial responsibility is key to helping them create a solid foundation for their financial future. As you know, **“actions speak louder than words”**, and this situation certainly applies to that rule. Your example will have even more impact than your words.

It’s never too early to start talking to your kids about money. Basic lessons can have a long-term impact that will help your child become financially savvy. There are many resources designed to help parents including, **Money As You Grow**, an online tool sponsored by the President’s Advisory Council. This tool maps out **“20 things kids need to know to live financially smart lives.”** The website includes age appropriate lessons for children as young as three and expands to financial wisdom for young adults. Go to moneyasyougrow.org to learn more.



Money Muse

We’ve all done it. Buy a new gym membership in January and stop using it by March. Make a vow to eat healthier starting January 1, but succumb to a whole box of chocolates on Valentine’s Day.

Forty-five percent of Americans make New Year’s resolutions, less than 8 percent keep them.⁶ Instead of making a New Year’s resolution, try focusing on building your legacy – what you will leave behind – so you can make a meaningful impact on the people and things that mean the most to you.

Here are some tips to help you get started on your legacy plan this year.

- 1 Who would you like to help?** Make a list of those you’d most like to include in your legacy plan. Children and grandchildren are often the beneficiaries of these plans, but are there other people, organizations or charities you’d like to help, too?
- 2 What impact would you like to make?** Determine what you’d like to provide for each recipient. Is it a college education for your grandson, financial support for your favorite animal rescue or a donation to a community program near and dear to your heart?
- 3 How will you build your legacy?** How and where you invest funds to build your legacy is extremely important. You’ll want to explore any advantages you can leverage now and avoid or minimize penalties, fees and tax consequences that your heirs may incur when your legacy is distributed.

Work with your financial professional and an estate planning attorney to map out and implement your legacy plan. And, evaluate your progress and options each year to make sure you stay on track for reaching your goals. Unlike a resolution that comes and goes, you will be building a legacy to ensure a brighter future for those most important to you.

Here’s to a happy, healthy and successful year in 2014.

Yours,

The Money Muse

⁶ <https://www.betterment.com/about/newsroom/new-years-resolutions-2013-infographic/>

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