

MANAGING WEALTH WITH CONFIDENCE IN UNCERTAIN TIMES

How Executives and Business Owners Thrive

**By David DeWolf
Quantum Wealth Management**

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Managing Wealth with Confidence in Uncertain Times: How Executives and Business Owners Thrive

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EXECUTIVE SUMMARY

This whitepaper is for clients and prospective clients who understand that there is an orderly and objective approach to managing their wealth that is free from the noisy chaos and flawed performance of Wall Street.

It is for business owners, corporate executives and other successful professionals whose experience has taught them the advantages of turning to a team of experts who understand the intricacies and complexities of their financial affairs; a team that has the specialized skill to identify gaps between values and resources; a team that can help them achieve all that is important to them.

Our research has shown that there are five key challenges facing successful business owners and executives:

1. Paralysis and a negative state of mind;
2. A lack of trust;
3. The need to reassess plans;
4. The need to identify valuable resources and delegate responsibility; and
5. The ability to navigate and adapt to new phases of life.

The main objective of my work is to keep fear and cynicism, however justifiable, from preventing

affluent individuals from establishing a firm foundation for their wealth. A second, but as equally important objective, is to prevent this same fear and cynicism from interfering with one's ability to make the decisions needed to accomplish one's family and life goals. Such individuals understand that certain decisions should not be put off, that there should be a plan in place to prepare for possible future scenarios, and that opportunity awaits those who possess the courage to act dispassionately in times of crisis.

Successful professionals' greatest need today is help in applying sound, simple and elegant principles of investing and advanced wealth management that enable them to put their time and energy into their families, businesses and other personal ambitions, without worry. The goals should be to put in place a program to address all one's financial challenges as they occur and to enjoy the financial freedom that comes with long-term planning and competent financial advice and support.

PARALYSIS AND A NEGATIVE STATE OF MIND

Before the emergence of wealth management services, most financial advice was (and still largely remains) geared toward investment selection. Investors would buy this stock or that one because it had a good story, because it was in an exciting sector or because it was poised for a comeback after a long period of flat performance.

Whatever the specific reason, those investors ended up with a collection of stocks, not a consistent plan that would achieve specific goals.

The result of such haphazard approaches is paralysis on the part of investors, and it is no wonder why. The dominant paradigm is a failed one. All high-level executives and business owners have experienced both success and failure, but it is human nature to magnify the impact of failures. Psychologically, it is hard to move forward when the road ahead seems to have a big obstacle blocking it or when the journey seems to be so long. When this is the case, our inner voice tells us that we might as well not even try.

But we cannot allow past failures to paralyze us. If we reflect even briefly on some of our big successes, we will realize that we removed the obstacles through new and better advice and we got through a long process by taking it one step at a time.

Investment management is simply not enough to help people get to the finish line. Successful business owners and executives need **wealth management** that is comprehensive — including all aspects of a person’s financial life — and coor-

ordinated with the other professionals relied on by the client, including estate attorneys and CPAs.

Research shows that the No. 1 concern among investors with \$1 million to \$6 million in assets is losing their wealth.¹ These affluent individuals have been ill-served by the fragmented approach to managing their wealth that has prevailed until now. Given the psychological tendency to magnify losses, and the steep market descent of the past two years, it’s no wonder that today’s investors have succumbed to paralysis and negativity.

Research indicates that swings in income—up or down—raise the risk of divorce for men, but only downward income volatility makes divorce more probable for women.

Sources: 1. The Effects of Household Income Volatility on Divorce, John M. Nunley, Department of Economics and Finance, Working Paper Series, Middle Tennessee State University, Sept. 2007.

¹ Russ Alan Prince and David A. Geraciotti, *Cultivating the Middle-Class Millionaire*, 2005.

LACK OF TRUST

Amid the wreckage caused by the historic financial upheaval we have all experienced have been storied names in the financial services industry: Bear Stearns, Lehman Brothers, Merrill Lynch.

These and other large institutions from which private investors long sought advice failed to properly prepare for the financial catastrophe and indeed played leading roles in bringing it about.

And after it already seemed as if things could not get worse — after the \$85 billion bailout of AIG — came the revelation in December 2008 that Bernard Madoff had overseen the loss of \$65 billion in private wealth through the biggest Ponzi scheme in history.

Other actors in the financial marketplace have done their part to contribute to the problems: financial journalists with their stories about the hot stock du jour, brokers who rely on faulty firm research, fund managers who act as closet indexers but whose hefty fees are a drag on performance. And of course there are plenty of individual investors who give and act on tips and uncritically subject themselves to all the noise in the financial marketplace.

All this serves to undermine trust — the very foundation and indispensable prerequisite of our market economy. As Roderick M. Kramer writing in the *Harvard Business Review* (June 2009) argues, “Human beings are naturally predisposed to trust — it’s in our genes and our childhood learning — and by and large it’s a survival mechanism that has served our species well. That said, our willingness to trust often gets us into trouble.”

Beyond the too-trusting investors who, year after year, signed on to Madoff’s market-beating investments, which were based largely on fictional trades, were ordinary investors who went down with honest advisors who nevertheless failed to develop a wealth strategy that could withstand the market’s inevitable downswings and who, compounding the error, maintained their distance from clients as their portfolios sagged under sustained heavy losses. Stephen Covey, in his 2006 book *The Speed of Trust*, amplifies this common failing: “Trust can be lost when bad results are

CASE STUDY

After his first home run in the dot-com era, Bill, then a senior corporate executive in his early 40s, spent his days on a golf course with much-older retirees happy to have a new companion. After a while the phone stopped ringing and the e-mail volume dried up. Bill became depressed, feeling that he lost his sense of identity and purpose. He was going through a divorce when he came to us.

In the past decade, Bill has been whiplashed by life and business transitions, and he was seeking professional advice so he could be better prepared as he remade his career. Leveraging the knowledge and resources of his wealth management team, Bill was able to properly diversify his portfolio, which had been highly concentrated in company stock and options. His advisors also had him liquidate portions of his real estate that were highly illiquid and not producing commensurate yield. Bill was then able to use the proceeds to reach a final settlement with his ex-wife.

While getting over the divorce was difficult, Bill was happy to find a meaningful new executive position, and his new wealth strategy positioned himself to make an impact with his wealth while increasing the probability that he would achieve all that is important to him.

created via poor execution and compounded by inadequate communication.”

Indeed, recent market history has been like a slow-motion car wreck, shattering wealth and trust at the same time. From the market’s October 2007 high to its low two months into 2009, the broad market S&P 500 Index lost more than 52 percent of its value (see below). Investors quite literally saw their hard-earned wealth vanish before their eyes, and it all happened painfully and unrelentingly.

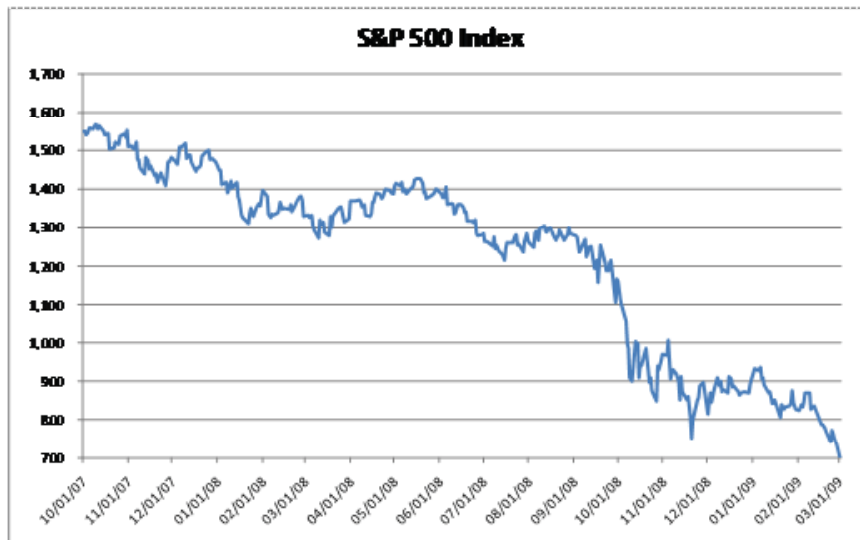
Those 17 months of steady decline saw a major erosion of trust in financial professionals. We have already seen that high-net-worth investors – those who have worked so hard and successfully to earn wealth – place preservation of that wealth as their No. 1 goal. But too many successful executives saw their wealth slide down that slippery slope and their personal balance sheets plunge.

What affluent individuals need from their financial professionals is the same thing that patients expect of their medical experts: a pledge to do

no harm. Granted, wealth managers cannot take responsibility for falling markets any more than doctors can stop the spread of pandemic flu. But competent financial counsel can insulate a portfolio from freefall in the same way a doctor can vaccinate a patient to stave off sickness.

Conversely, the least-trusted doctors are those with too-close relationships with drug companies pushing their products, which may not be the best or most appropriate medications for those doctors’ patients. This conflict of interest is even more rife in the financial services industry, where brokers push products such as mutual funds and stocks that are favored by the brokers’ firms (because of investment banking business, shelf space fees, trading commissions or a host of other unsavory reasons). Scores of thousands of Americans get their advice from professionals at big, branded firms who cannot be objective, without knowing that there is a better alternative. **Registered Investment Advisors**, in contrast to brokers, are not accountable to conflicted brokerage firms.

17 Months of Pain



S&P 500 beginning value: 1546.63; end value: 700.82.
Data source: Thomson Reuters, 2009.

Also, they typically have extensive training in comprehensive financial planning as opposed to the sales-oriented training offered by big financial firms.

There is another key difference in the standards between these different breeds of financial advisors. Brokers are only required to offer investments that are suitable for the client, and are not held to a higher fiduciary standard. The difference between suitability and fiduciary is akin to suggesting that there is a perceived investment solution that should suffice, but not one that either the broker would himself use or one that would be in the best interest of the client, which is essentially what “fiduciary” means. Only Registered Investment Advisors are held to this fiduciary standard.

Until all financial advisors are required to take the equivalent of doctors’ Hippocratic Oath, “do

no harm,” and accept fiduciary responsibility and abandon all conflicts of interest, there will continue to be a dearth of trust on Wall Street.

Entrepreneurs who have succeeded in prior ventures have a decent chance of succeeding in their next start-ups (30%); first-timers have only an 18% chance of success; and those who have failed but try again have slightly better odds (20%).

Source: Dharmesh Shah, onstartups.com, based on findings in Skill vs. Luck in Entrepreneurship and Venture Capital: Evidence from Serial Entrepreneurs, Paul A. Gompers, Anna Kovner, Josh Lerner, David S. Scharfstein, National Bureau of Economic Research Working Paper, October 2006.

THE NEED TO REASSESS PLANS

As we have seen, paralysis and a lack of trust cause many affluent individuals to avoid or postpone planning for the future, and it is clear why this is so.

A negative state of mind, fostered by the deep economic recession, removes both the will and the trust needed to cope with life’s challenges. For this very reason, it is more important than ever to plan for the future. It is an empowering act, an affirmation that we can regain a measure of control over our lives and make progress toward achieving our goals.

One big challenge is to understand how behavior and perspectives on investment can swing with the movement of the U.S. stock market. It is equally as

important that affluent individuals not only avoid panicking when markets unexpectedly decline but that they are not allowed to be lulled into a level of complacency as markets begin their inevitable climb, as we witnessed in summer 2009. Rising markets are not an excuse to believe that all is well; a more resilient wealth strategy should be enacted regardless of market movement. It only takes a little attitude adjustment and minimal effort to begin the process of a proper recovery — a process that can be summarized as the three Rs: Realize, Reset and Re-engage.

Realize: Awareness that times are scary and that everyone is scared is the crucial first step. Realize that you were powerless to prevent much of what has happened to you, but empower yourself to move forward with a customized, personal plan based on the sound financial concepts that have not found favor among establishment Wall Street and media types. Such a plan would involve an objective look at your risk exposure, would factor in the way hidden fees and costs drag down portfolio performance, would be open to restructuring your portfolio as needed to maximize returns while minimizing risk, and would actively seek opportunities to make lemonade out of lemons through the harvesting of tax losses.

Reset: Like fixing your computer, you can deal with a malfunction by pushing the reset button, but more likely you will have to call IT support. This means fearlessly inventorying what has gone wrong and how it happened, and then determining where to go and how to get there. Successful professionals who have difficulty resetting often succumb to the human frailty of yearning to make back what has already been lost. But resetting requires looking at one's financial resources with new eyes. Past losses should eventually be subsumed by a successful, new long-term strategy that is resilient to the wild swings within the investment markets. Only by acknowledging past mistakes and committing to a new path can one embark on the road to recovery.

Re-engage: Even the darkest night eventually yields to a new dawn. And a brighter new day is in store for business owners and executives who take the bull by the horns and implement strategies that will enable them to achieve their life and family goals. Many who feel daunted by increasing complexity in their financial lives — as their businesses, investments, family and philanthropic commitments grow — take comfort in knowing they can seek the counsel of an experienced wealth management firm to engage these issues. With a plan in place, sound investments, disciplined saving and spending, and expert advice, you can free yourself from the economic chaos swirling about you and regain control of your financial life.

We need not wait for policy makers in Washington or greedy interests on Wall Street to bring about an economic recovery. We can and must initiate our own personal renewal, and right now is the ideal time to do so.

CASE STUDY

Julie was a highly compensated senior executive of a production studio in Hollywood before the company's owner relocated the business back east and Julie's employment was terminated as she elected to keep her family in Southern California. Julie has three children in private schools. She has savings and investments, including various real estate holdings that are generating a strong return on equity, a valuable home with relatively high equity to debt, and extensive contacts in her local community from her long résumé of high-level positions.

Given the tough job market, Julie needs to position her assets for the possibility of long-term unemployment. She needs to maintain her family's continuity at home and in school while making the most of her career resources.

Julie would benefit from a prudent way to tap into her assets and a coach who could guide her to alternative employment possibilities in an environment in which employers are not hiring. She is considering an option to join some professionals in starting their own firm, and she needs guidance on how to proceed.

THE NEED TO IDENTIFY VALUABLE RESOURCES AND DELEGATE RESPONSIBILITY

Every true profession has its key insights and unique perspectives. Financial academics and high-echelon institutional investors understand that markets are efficient. Historians understand that conditions that seem permanent eventually yield to change.

The key insights of corporate executives and savvy business owners are delegation of responsibility and reliance on an effective team. A CEO understands that bogging himself down in budget or product details is not the most important and best use of his time. The CEO need not personally involve himself in every task so much as see to it that each one gets done competently and cost-effectively.

In fact, those who are successful in business feel unthreatened by competitors who try to do everything themselves. Whether the motivation is because of high costs or maximal egos, do-it-yourselfers tend to stay small. No one person can do everything well, but it is easy to do everything sub-optimally. While Bob the Baker buys the ingredients, makes the pie, bakes the pie and sells the pie — one at a time — his more effective competitor Dan the Delegator works on innovative business processes; builds effective relationships with customers, vendors and advisors; and delivers value to customers, thereby securing his reputation. Pretty soon, Dan is distributing his pies to Trader Joe's, Whole Foods and Safeway rather than to irritated customers tired of waiting in line.

Executives like Dan, who have benefited from the expert counsel of others and who are ambitious for further success, possess the ability to focus clearly on priorities, whether those are their family,

their business, or outside interests and values. They might employ a part-time housekeeper in order to maximize interpersonal family time. They concentrate on high-value-added business activities such as relationship management. They devote time to personal interests and hobbies and to promoting their values and philanthropic goals. Most likely they rely on a team of specialists to advise on key decisions — whether their personal attorney or CPA or their company's CFO or vice president of human resources.

The key insight of corporate executives and savvy business owners is delegation of responsibility and reliance on an effective team.

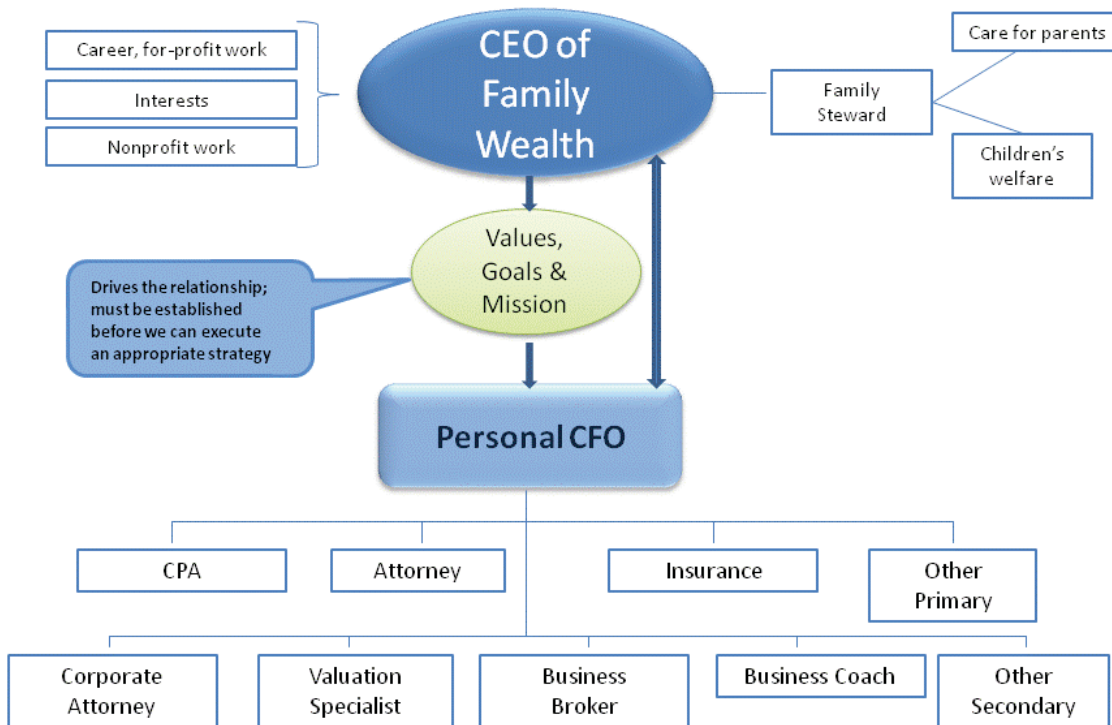
This model is very much the way wealth management should be implemented by people who are concerned with making smart decisions about their money and realizing all that is important to them.

There are many similarities between the role a CFO serves in managing the finances of a company and the role an advisor should serve in assisting successful families manage their personal wealth.

Executives and business owners deserve a team that can leverage business experience for their personal benefit and be productively engaged in

getting the maximum value out of their personal and business lives. These successful professionals benefit from delegating to a Personal Chief Financial Officer who employs an executive team model that looks roughly like this:

The Role of the Personal CFO



Although employing a team of advisors has many advantages in terms of cost, effectiveness, performance and quality of life, the biggest advantage to clients is inherent in the process

itself. In other words, in order to get a truly objective understanding, a person needs to seek outside advice. You're simply too close to your own situation to see the forest for the trees.

THE ABILITY TO NAVIGATE AND ADAPT TO NEW PHASES OF LIFE

There's no mystery to the process of managing clients' wealth. It comes down to having a deep understanding of the client, creating the right plan and monitoring its progress, and being there for the client through life's ups and downs.

An individual's ability to delegate responsibility for advice and management of financial issues removes a crucial element in investment failure — emotional involvement — and removes a major source of stress in life.

This is similar to delegating responsibility for repair of one's car in the midst of life's fast pace; even if one were able to muster the time, cars are far more complex than they once were (that's why mechanics now use computer diagnostics), and drivers therefore benefit from experts who have the knowledge and correct tools, and who have simplified the process of diagnosing and repairing mechanical defects.

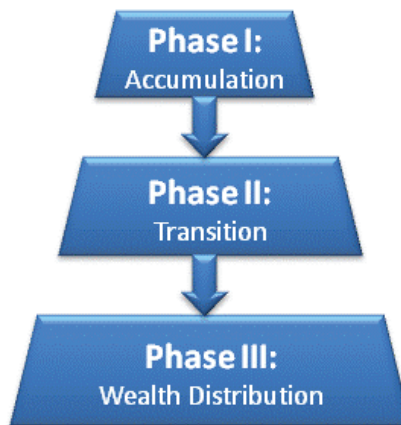
But the similarity between finance and auto repair ends with the advantages of delegation. The difference between them is in the overarching impact that money has on one's life. Throughout the recent economic upheaval, for example, there were many who put off visiting their mechanics for routine check-ups, but no one who ceased worrying about financial matters. In good times, people are not apt to put off tuning up their vehicle, but financial concerns never fade as uppermost concerns.

It cannot be otherwise. Money and wealth are the essence of the material aspects of our lives; where we live, what we eat, what we give and what we keep are revealed through the medium of money and are daily facts of life. From a chronological perspective, these facts of life take the shape of three phases in which the management of wealth grows in importance.

CASE STUDY

Melissa has run a successful strategic marketing consulting firm for two decades. She has a good mix of new and repeat clients, though as principal of the firm her income is primarily dependent on the work that she personally performs. Now that her only child has married, moved to Hawaii and is expecting her first child, Melissa and her husband are dreaming of a life of snorkeling, gardening and living close to family. Her husband's job is highly portable, though Hawaii is remote from the places her own clients live and work.

Melissa needs to strategically tap and expand her assets. She could bring in a buyer as a full-fledged buy-out partner, with a large upfront purchase that Melissa could invest to fund her dreams, while staying on in the business to transfer expertise and client relationships. She could start up a new noncompeting firm in Hawaii with as little or as great a commitment as suits her needs and desires. Melissa wants succession planning support so she and her family can live the life of their dreams.



Phase I. In the first life phase, the focus is on growth and accumulation, and the primary financial issues include supporting one’s family, purchasing a home, funding college, and establishing wills and trusts to transfer wealth to the next generation. Successful individuals will focus on building their business or career in order to fund these key financial tasks.

Phase II. The second life phase, commonly thought of as the beginning of retirement, is better thought of as a transition out of full-time work. That is because successful business owners and executives who have risen to career heights through their wit and passion are not typically ready to go on permanent vacation. Retirement as it is typically envisioned at younger ages involves too stark a challenge to the identity of affluent individuals. Coming home to a phone that doesn’t ring or not having a good answer to the question asked at every social encounter – “What do you do?” – represents a seismic shift that can be avoided through advance planning, including providing meaning for your wealth and transition preparation.

Whereas the first life phase benefits nearly exclusively from quantitative expertise, the

second phase needs both qualitative and quantitative guidance. For example, bringing in a business coach who can help identify the most suitable opportunities based on a client’s career history can add tremendous value to transitioning executives. Creating a foundation to fund a client’s philanthropic passions is another excellent way to meaningfully deploy one’s wealth and stay mentally engaged at a high level. The intimate client knowledge and trust built up over the first phase have proven to be of tremendous value in transitioning to Phase II.

Phase III. The third life phase is filled with reward and fraught with challenge. It is here where one’s wealth, wisdom and investment in human relationships pay their largest dividends. Affluent individuals will often endow a variety of institutions, sit on boards and act as stewards

Creating a foundation to fund a client’s philanthropic passions is an excellent way to meaningfully deploy one’s wealth and stay mentally engaged at a high level.

for future generations, whether that entails keeping the local philharmonic on a sound financial footing or ensuring that the schools that served their children well will also meet their grandchildren's needs.

The challenges of this phase include unplanned illnesses, loss of spouses, relocations and sometimes a need to de-intensify life's commitments. The support of a team of trusted advisors is invaluable in helping to manage these shifts with the same objectivity provided in earlier life phases. Whereas the quantitative focus of the first phase was accumulation and that of the second phase was preservation, the focus of the third phase is distribution of wealth, both as income for life and as a legacy to heirs.

Note that the third life phase, while it may be a final life phase, is not necessarily the end of the wealth management process. With proper planning, a person's wealth can aid children, grandchildren and cherished causes far into the future.

Sixty-five percent of family businesses fail to pass to the second generation, and 85 percent of family businesses fail to make it to the third generation. One reason for these low numbers is that 38 percent of owners of privately held businesses have not engaged in succession planning.

Sources: The Goering Center for Family and Private Business (University of Cincinnati) and the Memphis Business Journal, both cited by Holly Mihal, CFP, in *Production Machining*, Nov. 2006.

YOUR NEXT STEPS

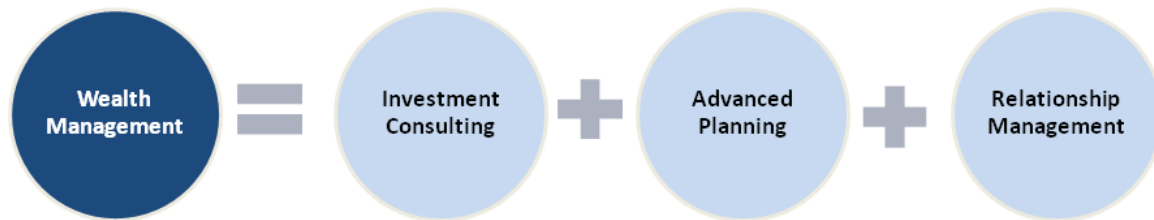
If you appreciate the need to address the growing complexity of your financial life with simple and elegant solutions and the support of a team of experts, now is an especially auspicious time to do so.

After two years of depressing headlines, investors are more likely to make more prudent judgments in appointing advisors. In go-go times, such as the dot-com mania, it becomes more difficult to differentiate between good and bad advice because everyone is making money. (In fact, responsible financial advisors are sometimes dismissed in such heady times for their refusal to overload on risky assets.)

The current environment, however, lends itself to more sober evaluation. As we earlier explained, the approach that we believe is of greatest benefit to successful business owners and executives

is one that is based on comprehensive wealth management more than a strictly investment-oriented stock du jour approach.

Such an approach immediately narrows the field of advisors, since 94 percent of financial advisors limit their practice to investment consulting, according to the financial research firm CEG Worldwide. True wealth management involves investment consulting, advanced planning and relationship management. Exclude any one element, and clients will lack a holistic view of their financial health.



Investment consulting is a financial advisor's core offering and is essential to the accumulation of wealth in a client's first life phase. One's financial goals and return expectations need to be expertly balanced against investment risk. The goal should not be the highest possible return or the least possible risk. Rather, a competent investment professional would seek to optimize results by calibrating risk-adjusted return.

Advanced planning addresses the range of financial needs beyond, but no less important than, investing. These include tax considerations, cash flow management, estate planning opportunities, risk management, transition planning and philanthropy (also expressed as giving meaning to your wealth). An example of what to look out for is an emphasis that some advisors simplistically place on tax minimization (many ignore tax consequences altogether). More competent financial counsel understands that maximization of after-tax returns brings more optimal results. (Some advisors shoot themselves in the foot by focusing on tax avoidance, to the exclusion of higher-performing investments that can be tax-managed for optimal returns.)

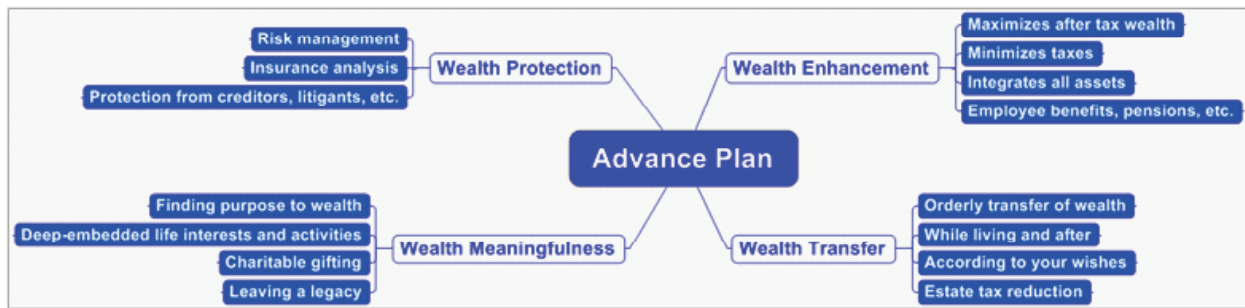
Relationship management means that clients aren't just a number in a book of business. Successful business owners and executives appreciate the need to know their clients and deliver what is most important to them through a consultative process that is ongoing. Relationship

management makes available to clients a team of experts to provide solutions and service and involves working with a client's other professional advisors, such as attorneys and CPAs. This approach differs from the more standard transactional approach, which results in the sale of an investment product rather than meaningful, ongoing advice on all aspects of a client's complex financial needs. Relationship management increases value over time; a transactional business is merely "thank you, come again."

To get a truly objective understanding, a person needs to seek outside advice.

There is one more essential element in a wealth management team that is probably simultaneously the most important and the most elusive. Besides having the knowledge and competence to provide comprehensive financial advice – beyond the narrow investment universe to which most financial advisors limit themselves – a wealth management team should provide that advice objectively, or its recommendations will always come under suspicion of bias.

Most of the scandals that have diminished the reputation of Wall Street were the result of financial incentives to err. Whether it was Wall Street analysts who put buy ratings on stocks for which their firms received investment banking fees, or brokers who



sold mutual funds for which their firms were receiving extra “shelf space” payments, the investment industry has been rife with conflicts of interest. For this reason, prudent investors should delegate the management of their hard-earned wealth only to wealth managers who are compensated strictly for advice. Most investment professionals are compensated wholly or in part through commissions for product sales, which could skew their thinking to favor products with higher commissions, and more fundamentally might bias them toward more sales in general, even if that is not in the client’s best interest.

Successful executives and business owners who want and need a truly objective view of their finances, as well as support and guidance toward their life goals, need outside help, but too many utterly defeat this purpose by turning to “advisors” who lack objectivity. What investors need and deserve is nothing less than straightforward, comprehensive and completely objective advice.

The ability to access this resource may be the critical factor in helping you succeed during the undeniably difficult times we are currently experiencing and may yet experience between now and your later years. With an honest and competent team serving as your family’s CFO, you need not be kept up at night worrying about today’s volatile markets or whether you’ll reach your treasured aspirations.

More than 500 high-net-worth individuals and families surveyed say that they are interested in strategic philanthropic giving, yet eight out of 10 Americans with annual incomes of \$1 million or more leave nothing to charity in their wills.

Family foundations are being created at a rate of approximately 1,000 per year.

Sources: Doing Good by Doing Well, Improving Client Service, Increasing Philanthropic Capital: The Legal and Financial Advisor’s Role and Family Foundations: A Profile of Funders and Trends, both cited in Incorporating Philanthropic Planning Adds Value to Your Client Services and Makes Good Business Sense for You, Betsy Brill, www.stratphilanthropy.com, 2002.

MIND OVER MONEY: THE QUANTUM WEALTH MANAGEMENT APPROACH

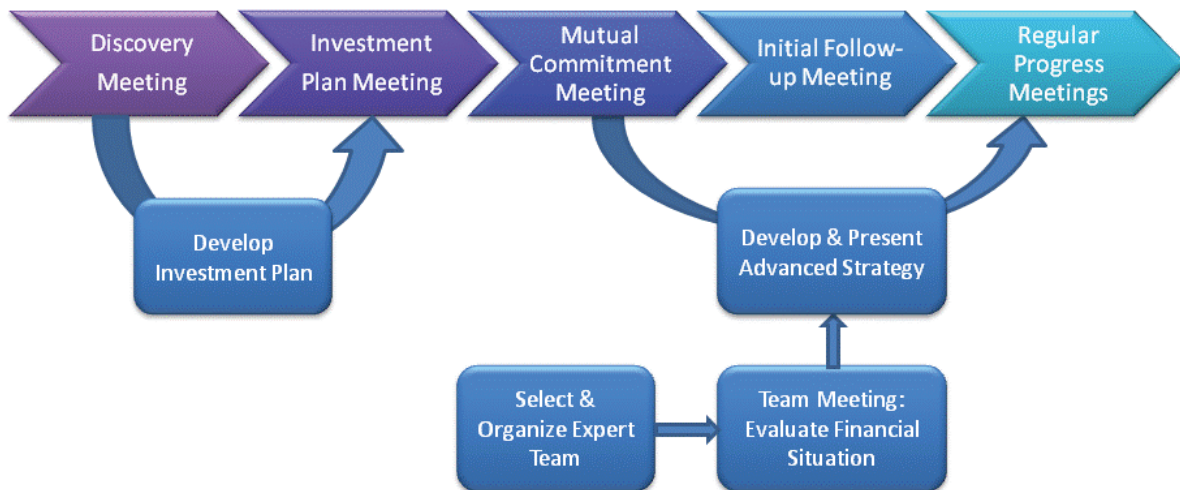
Most people make poor investment decisions – and we don’t mean only unsophisticated or new investors. We see it all the time.

Highly intelligent people who inhabit senior positions in industry and the professions fall prey to powerful emotions that arise when wealth is at issue. In good times, such people chase performance; in tough times, they sell in panic.

Indeed, this is a particular problem for many business executives who achieved their success not only because of their intelligence, skill and hard work but also in large measure because of their passion for their jobs. This emotional quality is a double-edged sword in that it is the crucial characteristic of leadership, yet it can lead to errors in judgment in wealth management.

That is why the most effective leaders purposely interpose outside professionals who can remove the emotion from investing while keeping a clear eye on realizing their clients’ objectives. We live in a culture that places emphasis on following one’s heart. While this romantic impulse makes for terrific Hollywood plotlines, the wise course is to subordinate emotional impulses to rational analysis.

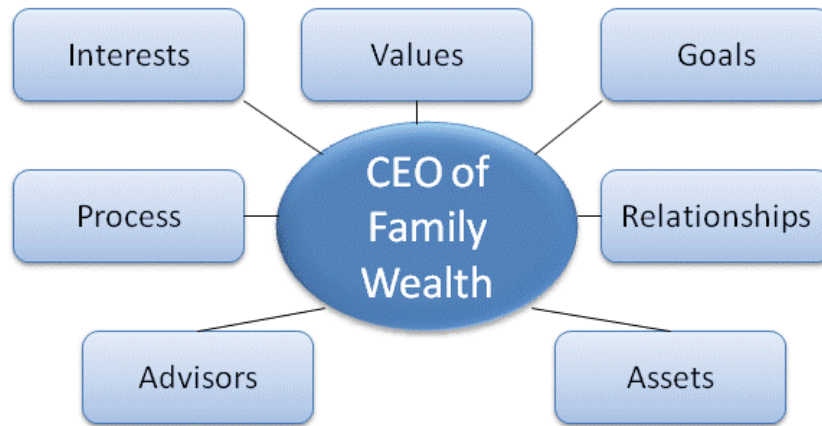
Quantum Wealth Management employs a simple but client-sensitive process that takes the emotion out of investing, addresses every manner of ongoing need and methodically brings our clients closer to their long-term goals. Here’s how we do it:



Step 1: Discovery

A lot of people in this business have a lot to say. This is what creates all the “noise” in the financial marketplace. But the crucial first step in Quantum Wealth Management’s process is silence as we listen to clients’ explanations of their financial challenges and objectives.

Before offering any advice, we want to know our clients’ short-, medium- and long-range goals; their investing experiences; how they earn their wealth; and what most matters to them.



Step 2: Investment Plan

Working collaboratively, we determine how much money our clients will need, how much risk is appropriate and what behavior changes will help achieve their goals. Although we present an investment plan based on the initial discovery meeting, investment planning is an ongoing process, as financial circumstances are constantly evolving. Consequently, this process recurs throughout the client relationship.

For example, many corporate compensation plans include shares in company stock, requiring regular assessments as to whether the client's wealth is becoming overly concentrated. Or a family's education and maintenance needs require fine-tuning, perhaps because a child whose college education was fully funded received a scholarship or disabilities impelled the creation of a special-needs trust.

Step 3: Mutual Commitment Meeting

If it is clear based on the preceding meetings and follow-up discussion that we can truly add value, then we agree to officially commence the client engagement. If clients are ready to commit to achieving all that is important to them, then we

commit all of our resources to support them.

Step 4: Initial Follow-Up Meeting

In our fourth meeting, we review and organize new account information, discuss who will compose the team of experts and answer any questions that may have arisen.

Step 5: Regular Follow-Up Meetings

We hold regularly scheduled follow-up meetings to review progress toward the goals initially revealed in the discovery meeting and incorporated in your investment plan. We modify the plan as life circumstances change.

We live in a culture that places emphasis on following one's heart. While this romantic impulse makes for terrific Hollywood plotlines, the wise course is to subordinate emotional impulses to rational analysis.

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Dave is Principal and Co-founder of Quantum Wealth Management, where he provides wealth strategy for a select group of successful executives undergoing transitions. Prior to joining Quantum, Dave was a corporate Chief Financial Officer, having spent more than 12 years in corporate finance and investment management with companies such as Sand Hill Capital, Fox Broadcasting, Twentieth Century Fox Filmed Entertainment and Transamerica Technology Finance. Dave earned his CPA while working with Price Waterhouse in Century City and is a Certified Financial Planner professional and member of NAPFA (National Association of Personal Financial Advisors).

Dave holds a BA in Business Economics from UCLA and an MBA from UCLA Anderson School of Management. He is actively involved in the community and serves on the board of directors of several local charities. Dave regularly provides investment commentary for local papers and serves as an expert for financial publications. Dave is married with twin boys and enjoys scuba diving, spending time at the beach and coaching his boys in soccer.

ABOUT QUANTUM WEALTH MANAGEMENT

Quantum Wealth Management works with a select group of successful clients, serving as a personal wealth strategist to ensure that clients' goals and values are achieved. Co-founding partner David DeWolf specializes in working with executives and professionals in transition, ensuring that the next phase of their lives is as rewarding, if not better, than the previous. Co-founding partner Darius Gagne specializes in entertainment professionals, ensuring that they make smart decisions about their wealth so that they can spend more time doing what they love. With an emphasis on integrity, Quantum is an independent, fee-only firm that does not accept investment commissions, which grants us the freedom to provide 100% objective advice and implement a long-term, personal wealth strategy in your best interests.

We deliver wealth management services by working with an exclusive, high-end team of experts who specialize in their respective areas of proficiency: a CPA, an estate planning attorney and an insurance specialist. Our firm coordinates and manages the entire process, ensuring that all pertinent financial issues are both integrated with the entire plan and addressed to completion in a timely fashion.

To find out how Quantum can help you achieve all that is important to you, contact us at:

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