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PREMIUM FINANCE

# FINANCIAL NEWSLETTER

October 2023

**Legacy Planning:**  
*Passing on Wealth  
to Your Family*

# Financial New\$letter

October 2023,



## ***Legacy Planning: Passing on Wealth to Your Family***

Effectively conveying wealth presents itself as a multifaceted undertaking. To begin, one must question whether wealth transfer is indeed a suitable course of action. Will this act empower the recipients? Are there concerns about fostering a sense of entitlement? Even Daniel Craig, renowned for his portrayal of the latest 007, James Bond, expressed his aversion to inheritance, deeming it disagreeable. As someone who was raised in a reasonably affluent family—though not excessively rich, but rather comfortably so—In hindsight, I can now reflect on the events that unfolded. While I did secure a partial scholarship to BYU, my parents stepped in to cover the remaining expenses. They generously funded not only the tuition, books, and fees, but also an on-campus dorm room, a meal plan, and even an additional stipend that arrived monthly. This extra allowance was intended to address various miscellaneous costs associated with college life, playfully referred to by me as my "pizza money." During our freshman year, my peers and I were brimming with excitement for the vibrant social scene that college had to offer. We eagerly explored all the pizza joints in Provo, and during that era (1968/69), there were some standout options available. I distinctly recall one place characterized by large barrels and narrow corridors, reminiscent of a rustic brewery. If my pizza fund ran out during a month, I reached out to my family and explained the emergence of unforeseen fees and expenditures (essentially, I needed more pizza money). Without hesitation, they responded by sending the necessary funds to ensure I could continue enjoying this unique chapter of my college journey.

Upon returning from my mission in 1971, the decision to purchase my own car became a priority. A brand-new 1972 Volkswagen Super Beetle, in a charming tan hue, caught my eye. With approximately \$2,800.00 diligently saved up, I was prepared to complete the purchase in full. However, before finalizing the deal, my father inquired about the details—cost and payment method. I proudly informed him of my intention to pay in cash. His response was unexpected, expressing a touch of sadness as he shared his perspective. He offered to take care of the cost himself, relieving me of the need to dip into my savings. This act left an indelible impression, solidifying

the understanding that my parents were a reliable source of financial support in life's ventures. I was empowered and entitled.

Upon marrying Barbara, the pattern of seeking occasional financial assistance continued. Each time, I would explain the reasons behind my request for an additional lump sum, and more often than not, my parents would provide the help I sought. However, one particular evening, about four years into our marriage, there was a shift in the dynamic. As I requested another lump sum, my mother expressed that the time had come for me to stand on my own two feet. Her words marked a change, signaling the end of entitlements and the expectation of greater independence. I can honestly say that this was a good thing. I was forced to become self-reliant.

Reflecting on this matter now, some five decades later, I've come to understand the potential for feeling entitled to our parents' wealth, a perspective that isn't necessarily beneficial. I apologize for the personal tangent, but the question remains: how do we navigate the act of giving money to our family? While my approach might seem oversimplified, I perceive three main avenues:

1. **Immediate Financial Support:** This involves offering monetary assistance promptly, addressing the myriad financial demands associated with raising a family. We recently embarked on this route. (I did not know about Kai-Zen at the time) After selecting a designated amount, we decided to provide financial help to our family. The gesture caught them off guard and sparked both surprise and gratitude. I'm relieved that their appreciation was genuine, and it's heartening to observe that the funds were utilized judiciously. Could they have used these funds poorly? Sure. I'm glad they didn't.
2. **Posthumous Provision via Trusts:** Another avenue for consideration involves establishing a trust, a legal entity empowered to manage and oversee assets. Constructing your own trust usually entails designating yourself as the primary trustee and selecting subsequent trustees. I've had the honor of serving as a trustee on two occasions – once for my mother and once for my brother-in-law. These occasions were conducted with the utmost solemnity. (As a fervent endorsement, I'd like to recommend my estate planning attorney, Chris Finley, who performed a commendable job.)
3. **Kai-Zen Approach:** Is there way to give them something today that I control a little bit more than an outright gift? A way to give them future security, life insurance, long term care, disability insurance and a retirement income? Well, there is. Kai-Zen is all of that. A succinct overview of the Kai-Zen method entails procuring a life insurance policy with provisions for an adult child, supplemented by five annual payments. What does this confer upon them? An array of benefits encompassing life insurance death benefits, extended long-term care coverage, disability allowances, and tax-deferred financial growth, ultimately accessible tax-free in the future. Some refer to this practice as "infinite banking," cultivating the potential for tax-free retirement income that could endure a lifetime. The prospective advantages are substantial, a bounty of forthcoming blessings that could enrich one's life immeasurably.

In closing, I trust that this meandering discourse has proven enlightening, offering insight into the intricate tapestry of giving – or abstaining from giving – to one's family. Deciding the extent, timing, and manner of bestowing financial support is a journey laden with choices, each potentially shaping the lives of those we hold dear.

-Jim Barlow, MS, CFP

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## What is Kai-Zen

Kai-Zen is a strategy that helps you maintain your current lifestyle in the event of a chronic illness, premature death, or an inability to sufficiently save for retirement. Protecting your earnings is critical to insuring your ability to save for retirement. Due to limitations, traditional retirement plans are typically insufficient for high-income earners. If you want to maintain your lifestyle in retirement, you need a proactive strategy that puts more money toward protecting your future income without putting a drain on your current finances.

Kai-Zen is the **ONLY** strategy that uses leverage to help you acquire more of the benefits you need to financially protect you and your family. Its unique fusion of financing and life insurance offers you more protections and the potential to earn more for retirement than you could obtain without leverage.

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THE Kai-Zen® STRATEGY  
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**Quotes Jim sent his family this past month:**

*"The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic."  
Peter Drucker*

*"I slept and dreamt that life was joy.  
I awoke and saw that life was service.  
I acted and behold, service was joy."  
Rabindranath Tagore*

*"Greatness is the very nature of human beings, but that greatness is more often than not overshadowed by mediocrity and fear. Much of our mediocrity and negative emotions originate in false and limiting social agreements, many of them dealing with finances. Our greatness can only emerge when we develop the courage to break through these financial myths and become free."  
Garrett Gunderson*

*"If everyone waited to become an expert before starting, no one would become an expert. To become an expert, you must have experience. To get experience, you must experiment! Stop waiting. Start stuff."  
Richie Norton*

*"I thought back on my running career at Oregon. I'd competed with, and against, men far better, faster, more physically gifted. Many were future Olympians. And yet I'd trained myself to forget this unhappy fact. People reflexively assume that competition is always a good thing, that it always brings out the best in people, but that's only true of people who can forget the competition. The art of competing, I'd learned from track, was the art of forgetting, and I now reminded myself of that fact. You must forget your limits. You must forget your doubts, your pain, your past."  
Phil Knight*

**Jim Barlow**

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