

# Wealth Reflections

Insights on building, preserving and passing wealth – Gwen K. Harvey

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## What is “the number”?

How much of what you own today will you consume during your lifetime? What is the number?

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Even those who have done extremely well in life can worry about the answer to the age-old question – *how much is enough?* The nature of having amassed wealth doesn't insulate us from wondering if what we have will cover every contingency that life may present.

In addition, each individual's financial independence number is unique to their value system and life experiences. If you've lived to see major economic downturns, your number may – as a result – be quite different from a peer with similar circumstances, but a different view of how life plays out. If you grew up experiencing or observing scarcity, this too will likely have a profound impact on this very personal number.

Whether you're still building, or have chosen to slow it down a bit, having a solid financial independence figure can be extremely powerful. It frees you up to be more creative in your family wealth planning and your philanthropic endeavours. If you are still working, it represents your walk-away number. If business life begins to lack stimulation or energy, you know that you are completely set to indeed walk away and retire, sell or execute succession plans.

### **Arriving at a solid figure**

Begin by modeling your burn rate. How much do you need after tax and adjusted for inflation to protect your current lifestyle?

Model these numbers at various rates of return. Next separate particular assets you hope to never sell. These might include a business, family properties such as real estate, or perhaps artwork or significant family antiques or jewelry.

Then, in order to make the number real, build in contingency buckets. Consider potential future needs with regards to business opportunities, parents, children, health, travel or education. Make notes about the maximum you might consume in each area. The total of all three areas described will help to form a financial independence number that your mind accepts and believes.

At the end of the day, your number may be a range, but increased clarity about it can lead to future opportunities. Perhaps you'll find yourself able to identify the access and enjoying the passing of wealth during your lifetime. Whether the wealth passed brings opportunities for your children and their families or to your community, having an understanding of your number, while private and personal, can have a meaningful ripple effect in the world around you.

*If you have any questions about this, please give us a call.*