Spring
2016

Insights

BUILDING
AND PRESERVING
YOUR WEALTH

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REGIONS
PRIVATE WEALTH MANAGEMENT

Growing Your Next Million

Here are some tips to maintain—and even grow—your wealth.

A New *Insights*

This issue of *Insights*—Growing Your Next Million—comes at a time of market uncertainty. While we are navigating through one of the longest bull markets in history, we are predicting a bumpy ride through 2016. *What does this mean to you?*

In volatile times, you may need to reset your expectations and embrace a new "normal" of lower returns, but remember that markets are built on risk and so are your long-term financial plans. Daily market shifts, news and commentary don't always drastically affect your portfolio's future.

Rapidly changing market conditions provide an opportunity to check in with your Wealth Advisor to talk about your long-term goals. We're ready to help you evaluate your wealth plan, to recommend ways to meet your goals, and to keep you focused and on track.

Another resource to help you build and preserve your wealth is *Insights*. With this spring issue, we redesigned the magazine. Inside you'll find the same information and guidance you've come to expect from the professionals you trust. Our cover story, "Ready to Grow Your Next Million?" (page 6), examines what it means to be a millionaire in 2016. Today's millionaires are small business owners, they are retirees who saved their money, and they are working professionals. This article gives practical advice on what comes next for the new millionaires.

Don't let the "noise" of the markets distract you from your long-term financial objectives. Your Wealth Advisor is a resource who looks forward to helping you achieve your financial goals for both 2016 and the years ahead.

Sincerely,

Anne

ANNE D. COPELAND
EXECUTIVE VICE PRESIDENT
REGIONS PRIVATE WEALTH MANAGEMENT




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COVER: ANDY ROBERTS/GETTY IMAGES

WHAT YOU NEED TO KNOW FOR YOUR FINANCES, FAMILY AND LIFE.

JOSE LUIS PELAEZ/GETTY IMAGES

Thinking Differently About Life

We all process the world through our own perspective, but are there clear differences in how people with money see things? One expert says "Yes."

What differentiates the minds of individuals who have money from those less financially secure? Is there a shared mentality? According to one expert, the answer is yes.

"Thinking really is the catalyst," says Steve Siebold, the author of *How Rich People Think*. "The differences begin with how we think about money."

People who have money, he notes, just think differently from everyone else, particularly when it comes to education, career and confidence. They are passionate, action-minded and practical. "The rich see money through the lens of opportunity and freedom," says Siebold, who has conducted more than 1,200 interviews with the world's wealthy over the last 32 years, "as opposed to other financial classes, who think it's the root of all evil."

Specific knowledge matters. Meanwhile, most people with money balk at the long-instilled societal notion that a traditional education translates to a bigger bank account, he says.

"I see almost no correlation between formal education and self-made wealth," he says. "A number of the people I've interviewed have no college education, and some even quit high school." Instead, the self-made wealthy value the acquisition of specific, practical knowledge needed to identify and solve problems.

Passion trumps all. "Anybody can become rich," Siebold says, "but most people don't believe it. It's sad because they are going to struggle with money their whole lives."

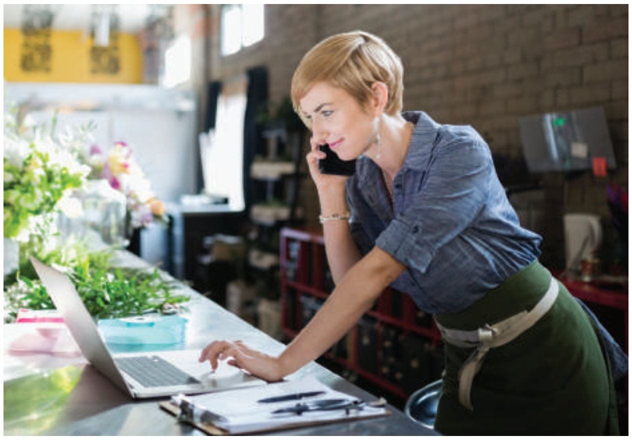
That's not to say, however, that Siebold directly correlates happiness with wealth. In fact, often the opposite is true, especially in the absence of one very important variable—passion. "The single biggest thing I've learned is to pursue your passion," he says, recognizing the cliché, but also noting that some of the wealthiest, yet unhappiest, people he's interviewed lacked passion for their professions.

Entrepreneurs who were emotionally invested in their work, on the other hand? Siebold says, "Those people were both rich and happy. They kind of win the game all the way around." ▲

MORE ONLINE See additional insights at **regions.com/wealthinsights.**

The Big Role of the Small Business Owner

New research emphasizes that small businesses, the self-employed, and those hired by them play a big role in the American economy.



HERO IMAGES/GETTY IMAGES

What impact do new small companies have on larger and more established ones? How many women are small business owners? Recent findings on trends in small business explore both questions. Here are a few highlights.

About 30% of the national workforce. About a third of the American workforce is now self-employed or hired by the self-employed, according to a study by the Pew Research Center. That's 44 million jobs.

"This points to the significant role of job creation," says Rakesh Kochhar, author of the study and Associate Director, Research at Pew. Self-employment, he says, shows what's going on with the nation's smallest business owners and entrepreneurs in a more general sense. "These are the nation's smallest employers, and this is essentially the way station for all entrepreneurs."

Women small business owners. About half of self-employed women work in:

- Health care
- Education
- Wholesale
- Retail

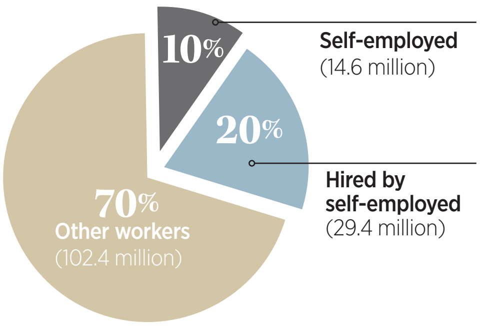
In those industries, self-employment is less likely, whether you're a man or a woman, says Kochhar. But in areas such as construction and agriculture, or business services such as law and finance, he says, "self-employment rates are high whether you're male or female."

These differences, explains Kochhar, are also due to job choice and responsibilities outside of work. And although women are more likely to be the primary caregivers even when they are self-employed, they still play a smaller role in financial decisions at home, according to the 2015 Women & Wealth Study by Regions Private Wealth Management.

The Pew study also found that women were twice as likely to say they work part-time for noneconomic reasons. "Family obligations," says Kochhar, "play a role in determining whether men and women are creating jobs at the same rate."

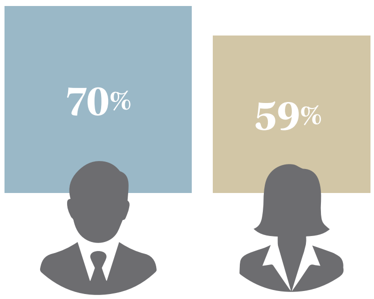
BREAKING DOWN THE ROLE OF SMALL BUSINESS OWNERS IN AMERICA

WHO WORKS FOR WHOM?



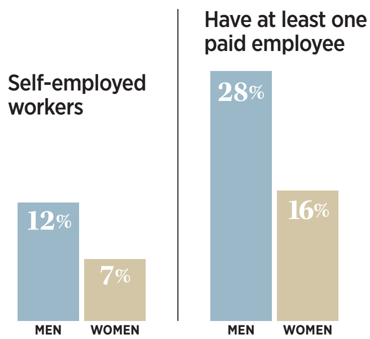
Source: Pew Research Center.

WOMEN ARE LESS LIKELY TO LEAD FAMILY FINANCES



Source: Regions Women & Wealth Study.

WOMEN ARE LESS LIKELY TO BE SELF-EMPLOYED/HAVE EMPLOYEES



Source: Pew Research Center.

Where Philanthropy Meets Capitalism

Business techniques are enhancing the way that foundations and nonprofits see their causes—and their results.

No longer content with simply writing checks and attending galas, a new generation of philanthropists has different ideas about how to give. These benefactors—dubbed **philanthrocapitalists**—take an entrepreneurial approach to giving.

Using the lessons they've learned in business, philanthrocapitalists aim to make philanthropy more efficient and effective by treating their charitable donations as investments and their foundations as companies. They are looking for long-term "returns" in the humanitarian or social issues where they invest.

Some trace the trend's heritage back to wealthy families of old New York who founded hundreds of public libraries and played big roles in public health initiatives. In 1915, for example, The Rockefeller Foundation established the Yellow Fever Commission, which led to the development of a vaccine for the disease by 1936.

Today's examples are in the same vein. The Bill and Melinda Gates Foundation uses its money to create market incentives for drug companies to better serve the needy, rather than simply paying for the drugs they need. They also partner—as businesses might—with other organizations already working on the issues they hope to address. In most cases, these foundations or nonprofits keep a close eye on metrics to track the effectiveness of their donations.

Using the lessons they've learned in business, they aim to make philanthropy more efficient.

Another example of the goodness-maximization strategy of philanthrocapitalism is the XPRIZE Foundation. Its contests, with million-dollar prizes, are intended to inspire inventors to spend time and money in areas it deems worthy, such as global learning and climate change. ▲

TRILOKS/GETTY IMAGES

THE BASICS

Your Vacation Home

A vacation home can represent a big milestone for your family. It's a place to build and share family memories, but it can also cause headaches. Consider these four things before you sign the mortgage papers.

1

LOCATION, LOCATION, LOCATION

The woods of Maine or the Gulf of Mexico? Do you like tropical climates, changing seasons or the thrill of snow sports? Although it may seem obvious where you would want to go on a vacation, purchasing a home in a particular climate makes it more like a permanent vacation. Remember that the Arizona sun can be blindingly hot and the Maine snow will fall every year.

2

KNOW THE MARKET

Real estate agents can always help you find properties on their lists, but with so many Internet tools available, you may want to start the search on your own. That way, you'll know more about what you want (and what it costs).

3

TO RENOVATE OR NOT?

Think about the prices of a faucet, a vanity, and the flooring you liked that was reclaimed from a mill—the dollars and time add up quickly. Decide before you start shopping whether you would enjoy renovating an old home or prefer to move into one that's ready for pure relaxation.

4

A HOUSE FOR GENERATIONS

A vacation home is the perfect place to spend time with your family as it grows through the years. Talk to your advisor about how the appropriate planning can help keep your new property in the family for your children's children.

Heading to College With Gen Z

As a new generation prepares for college, it pays to think creatively about financing one of life's major expenses. • By Charlie Slack

Members of Generation Z have good reason for optimism. Born between 1995 and 2010 and 69 million strong, they're the first with no memory of life without the Internet. Eager, bright and digitally savvy, they're already being hailed as budding entrepreneurs who can't wait to change the world—even though the oldest are barely in their twenties.

"Wherever we're going with the digital revolution, the young are going to take us there first," says Paul Taylor, author of *The Next America* and former Executive Vice President of the Pew Research Center. "They give us hopeful signs that we're an economy that still prizes innovation and moves fast."

Gen Zers are using that spirit of innovation to reshape what they expect from college. More than 60% say they want to study entrepreneurship, and nearly three-quarters think students should be allowed to design their own curriculums, according to a 2014 study by Northeastern University.

"Members of Gen Z are passion-driven when it comes to their college experience," says Keyaun Heydarian, a budding entrepreneur who, as a high school senior, co-founded a college tour company called CollegeRoleModel.com. At the same time, says Heydarian, now a freshman at George Washington University in Washington, D.C., formative experiences such as the recent recession have left Gen Z with deep concerns over their financial future, including paying the ever-rising cost of college.

STRATEGIES FOR FAMILIES

In fact, while 80% of students see college as a necessity, 60% feel stressed about the cost, according to Ohio State's National Student Financial Wellness Study. "Still, even those who are worrying think college is going to pay off for them in the future," says Anne McDaniel, an Ohio State researcher and co-author of the study.

To meet those costs, families are increasingly looking for ways to save rather than borrow, says Jeffrey H. Winick, Senior Vice President and Senior Wealth Strategist with Regions Private Wealth Management. "We see many parents who experienced large college debt when they were starting out themselves. They don't want their children to experience the same." The best ways to save may involve a variety of options, including (but not limited to) the all-but-ubiquitous 529 plan.

THE 529 PLAN

These plans have become the go-to choice for millions of families, thanks to their tax advantages and flexibility. You can generally invest up to $14,000 per year ($28,000 for a couple) in a 529 plan, where the money can grow tax-free. And as long as you spend it on tuition or other qualified educational expenses of the designated beneficiary, the money is not subject to federal tax and generally is not subject to state tax.

As another advantage, 529s allow you to "front-load" up to five years' worth of contributions at the outset, subject to annual exclusion gift requirements. While

ARIEL SKELLEY/GETTY IMAGES

front-loading can give your savings a head of steam or make up for a late start, it's important to consider market conditions and your liquidity needs before committing a large sum, Winick advises.

As for flexibility, 529s enable parents or grandparents to control the money until it's used, and switch beneficiaries as needs arise. "If one child gets a full scholarship, you can shift the benefits to another child who may be facing tuition at an expensive private school," Winick says.

THE PROJECTED 2033 COST OF EDUCATION

$320K

Four years at a private college

OTHER WAYS TO SAVE

Looking for ways to ramp up savings beyond the 529? Consider these:

- **Roth IRAs,** while generally used as retirement accounts, can also be effective college savings vehicles, particularly for grandparents or parents who had children later in life, says Winick. With a Roth, your contributions are after-tax money, but once in the plan your savings grow tax-free, and you pay no income tax if the money is later distributed as part of a qualified distribution. While 529s impose a penalty if the money isn't used for education, proceeds from a Roth can be used for any purpose. Among the caveats, you must be at least 59½ to remove funds from a Roth tax-free. Although Roth IRAs restrict contributions to those earning less than $116,000 ($183,000 for couples), affluent individuals may be able to make a non-deductible contribution to a traditional IRA, and afterward convert to a Roth, Winick says. However, to the extent that there are earnings prior to conversion, those earnings are taxable, and if there are other traditional (deductible) IRA accounts, the resulting immediate tax impact may outweigh any advantages gained through the conversion strategy.
- **Prepaid tuition programs** are offered by several states. Similar to 529s, these plans typically enable you to prepay state college tuition at today's rates. You can buy prepaid plans for your child at any age—and with college costs rising each year, the earlier you buy, the greater the potential savings.
- **Baccalaureate bonds** are offered by several states as well. They are usually set up to mature when your child enters college—with a discount on tuition when you use them.

EDUCATION FOR LIFE

Since different approaches will work best for different situations, it's best to carefully consider the options and then meet with an advisor, Winick says. Paying for college may be a good opportunity to instill lessons in Gen Z about financial responsibility and money management. Without swamping your kids in large debts coming out of college, you might ask them to pay for a portion of their college expenses in order to feel vested in their own education. Says Ohio State's McDaniel, "If they have absolutely no stress about finances, it could mean they're not thinking about them at all."

And there are other ways for your child to have a vested interest in college costs, Winick says. For example, you might make paying for college contingent on your child maintaining a certain grade point average through high school and during college.

And, when it comes to preparing your Generation Z child for life, there's no time like the present. Says Winick: "The earlier you start saving, the more flexibility you have to see what works best, and how that fits into your long-term financial plan."

Talk to your Regions Wealth Advisor about:

- If a 529 plan is right for your family
- How your current estate plan can work toward your next generation's education
- What the cost of education may be when your child is ready for college

Considering Your Estate

Trusts can be an essential part of college planning, as it is vital to consider college costs in the context of your overall finances, including your estate and wealth transfer plans.

Section 2503(c) trusts These trusts are created to give the trustee control over the money until the beneficiary turns 21, enabling the parent or grandparent to ensure that the money is used for education rather than other purposes.

529 plans within a trust Many 529 plans allow for a contingent owner to take over in case the owner becomes unable to manage the plan. Naming a trust as the contingent owner may work for grandparents who want the peace of mind of knowing their wishes will be carried out by the trustee of their trust. However, 529 plans can only have one beneficiary at a time, so special care should be taken if a trust has multiple beneficiaries.

Estate tax considerations
Funding your next generations' educations through a Health and Education Exclusion Trust (HEET) may provide exclusions to your estate's taxable assets. Ask your Wealth Advisor if this strategy is right for your estate plan.

See complete investment disclosures on the Table of Contents.

READY TO GROW YOUR NEXT MILLION?

Here are some tips to maintain—and even grow—your wealth.

BY MARCIA LERNER

There are approximately 6.3 million millionaires in the United States today. That's the highest number since the 2007 recession, up from 5.6 million in 2010.[1]

But what does it mean to be a millionaire today? If you think it means yachts, mansions and never having to think about money, your view may need adjustment. Today's millionaires are lawyers, doctors, business owners and inheritors of hard-won family businesses—the sorts of people you might see grocery shopping or at your child's school. In fact, they might be you. These new millionaires don't necessarily see themselves as "rich." According to Regions Private Wealth Management's 2015 Women & Wealth Study, slightly more than half—61%—of respondents with net worth over $1 million thought of themselves as financially wealthy.

Whatever your definition of "wealth," having $1 million does mean it's time to start thinking about your next steps. Whether you've arrived there by creating a business, working hard in your chosen field, saving and investing intelligently or inheriting family money, once you have your first million, you should start thinking about preserving what you have, increasing your assets and planning for the long term. And all that starts

[1] According to research by Phoenix Marketing International, which identifies millionaires as those with a net worth of $1 million or more in investable assets.

with knowing what you want and what's right for your family.

Identifying your goals

"The first task for new millionaires is to identify their goals for their newfound wealth," says Baker Crow, Senior Vice President and Regional Executive for Regions Private Wealth Management in Birmingham, Ala. "Identifying your goals will lay the foundation for the plans you have for your money."

To help identify your goals, Crow recommends having a conversation with an advisor. "At Regions we meet with clients and genuinely challenge them to talk with us about all the options they are considering so we can have a comprehensive discussion about all the issues." He explains that the Regions Wealth Assessment™ is a thorough review process that takes a three-dimensional view of financial risk across all aspects of your life. Clients may have widely different goals based on where they are in life. "It could be someone in his sixties who has sold his business and just wants to invest the proceeds for retirement income, or a younger person who may want to invest the million dollars in his business or another business venture."

Crow further notes, "It is so important to perform an honest and comprehensive assessment of your financial situation in order to craft the right plan for achieving your goals."

Making a plan

As you clarify your goals, it will be easier to make a detailed financial plan to achieve them. "It's critical to have a plan in place for your financial future, no matter what stage you are in your life and no matter what your net worth is," Crow says.

A recent study by the Certified Financial Planner Board of Standards and the Consumer Federation of America found that households with more extensive financial plans were better prepared financially and felt more confident.[2] Having a plan also allows you to prioritize your spending and saving, and helps you to ask for more focused financial advice.

[2] Source: Certified Financial Planner Board of Standards, 2013.

As you clarify your goals, it will be easier to make a detailed financial plan to achieve them.

Getting help

Whatever your financial status, assembling a team to help you carry out a financial plan can be immensely helpful.

Crow recommends that you start by talking to people you trust who are financially stable and ask them who helps with their assets. Once you've asked a few people, Crow says, narrow down the list and get a sense of whom you might talk to, all with the aim of finding an advisor who understands your goals and whom you trust. "Open up with that advisor," Crow suggests.

And one advisor may not be enough. "Depending on your particular situation, a

Live Long and Prosper

What are the basics when it comes to helping your family prosper?

1 Have a financial plan. According to the Center for Financial Planners, over 90% of people who had comprehensive financial plans were more confident and had a better chance of achieving their financial goals.[3]

2 Think about the long term. While it's fun to indulge, being realistic and careful with your lifestyle will help you accomplish more down the line.

3 Set goals. Do you want to provide a private education for your kids? Live in a fantastic house? Retire early and travel? Clarifying your goals is the first step to achieving them.

4 Stay calm. The ups and downs of the markets can be alarming. If you're investing, do so with your own goals in mind, and don't try to time or outsmart the markets.

5 Remember what matters most. A 2010 Princeton University study showed that for those with annual income of $75,000 or more, money didn't really change their levels of happiness. What does affect happiness? Health. Relationships. Having a purpose in life. Take care of your money—but keep it in perspective.

[3] Source: Certified Financial Planner Board of Standards, 2013.

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Living Well

We associate a lot of things with being a millionaire: swimming pools, fancy houses, tennis courts. But these things may not be realistic, and they may not make you happy. Instead, consider these routes to living well.

- **Get a financial advisor.** Have this resource on hand to help you make concrete plans.
- **Be realistic.** Understand that a million dollars is not a limitless sum of money, and you need to be thoughtful to make it last.
- **Plan for the future.** Having an estate plan in place can help ensure that your wishes are carried out with less stress for your loved ones.
- **Talk about it.** Research shows that families and couples who communicate openly about money have fewer arguments.
- **Pat yourself on the back.** However you got your money, it's great news. Take some time to enjoy the feeling!

team might be necessary," says Crow. They might include a real estate professional, an accountant or an estate planner. Who you add depends upon exactly what you want to accomplish and your stage of life.

"The goal is to build a team that is your team," Crow says. "A team that is focused solely on you and your goals."

Being realistic

There are risks that come with having a lot of money, Crow acknowledges. "Things go wrong when expectations of what money will do for your lifestyle are not in line with reality," he says. In situations where people make their first million, they often try to fund lifestyles that are not sustainable, or set unrealistic goals. Sometimes people believe they'll have higher returns on their investments, which in turn can fuel aggressive spending. If returns do not match the level of spending, depletion of assets will occur, making it increasingly difficult to maintain your desired lifestyle.

On the other hand, smart planning can give you a leg up on your next million. "It's understanding your goals, and then being realistic about your expectations of that newfound money," Crow says.

With clear-eyed realism and a sharp focus on goals, you may have more options than you realize. "It starts with goals," Crow says, "and looking at all the alternatives that exist, that will help you achieve your next million." Think about whether you're trying to diversify your business, starting a new business you've always been passionate about, or creating a plan to fund a long, leisurely retirement, he says.

Being a millionaire may not be something you planned on, or it could be the conclusion to a hard-won race, but however you arrive, don't let it stop there. By being thoughtful and informed, and taking action to protect your assets, you can extend your good fortune into the future, and to your next generation. ▲

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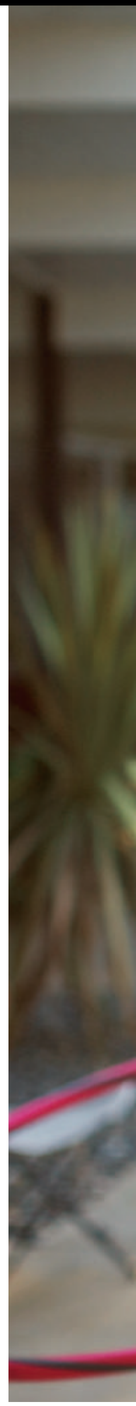
Talk to your Regions Wealth Advisor about:

- Your current goals for the future and how they have changed
- What can be rethought in your portfolio for 2016
- Your comfort level with the amount of risk you have



5 Ways to Prosper in Retirement

After working hard and pushing to save throughout their entire lives, many baby boomers are now retired millionaires. How can they make the money last through their second act—and beyond? • By Alizah Salario

There's a common narrative about successful members of the baby boomer generation, and it goes like this: They worked hard. They saved and invested wisely. They climbed the corporate ladder or ran successful businesses—motivated all the while by the prospect of being comfortable in retirement. And now that many are retiring as millionaires, they can just relax and enjoy their lives.

Or can they? What does it mean to really prosper in retirement during a period of volatility and transition? How does retirement look based on today's market, with an election on the horizon and a bumpy economy?

Here are five things retirees should consider for a prosperous retirement.

1. PLAN AHEAD

Many boomers see retirement as their second act, and that means staying active, engaged and intellectually challenged. Most of all, it means knowing their savings are going to last.

"Outliving their money is the most significant concern among retirees," says Stephanie M. Stanfield, Senior Vice President and Wealth Executive at Regions Private Wealth Management over West Florida. They are concerned about the costs of health-care coverage, long-term care and planning for assisted living, she notes. "Most boomers prioritize their independence and don't want to be a burden on their children."

Yet no matter how diligently you prepare for retirement, you can't foresee every obstacle. Stanfield notes that planning for—or even simply being aware of—the costs and challenges may make a difference in how they are handled if they do arise.

2. GO AT YOUR OWN PACE

Through their working years, boomers, like everyone, probably fantasized about a more leisurely lifestyle. But when retirement actually arrives, the inevitable slowdown can still be a shock. What's crucial, suggests Stanfield, is defining what retirement means to you, and then figuring out how to ease into the transition.

Retirement doesn't have to mean going from full throttle down to zero. "Retirees can have greater peace of mind by having an exit strategy where they're going from fully employed to new, smaller roles, rather than having a single retirement event," says Stanfield. "For business owners, a slowdown might be a partial sale of their company, and they may stay on with the organization after they've monetized a portion of their wealth."

3. DEFINE A "NEW NORMAL"

Retirement is as individualized as retirees themselves, and there's no surefire plan for prosperity—financial or otherwise.

"There's going to be some soul-searching to evaluate what your 'new normal' is going to be," says Stanfield. "That might include traveling, philanthropy, spending time with friends and family, taking care of parents or children, or outdoor activities. There are also lots of seniors who are very involved in their communities and give back."

The first step, says Stanfield, is to get your priorities straight.

"Be really honest with yourself about your retirement vision, and truly evaluate your needs versus your wants. From there, prioritize, and then establish a budget based on meeting your needs. Then you're better poised to evaluate how to align your portfolio to generate income for an estimated period of time."

4. ACTIVELY MANAGE YOUR PORTFOLIO

In today's market, passive portfolio management simply won't cut it.

Knowing the purpose of your portfolio is key: Is it for generating income, sustaining growth or maintaining stability? Often, there's a delicate balancing act among the three.

"Making sure you don't outlive your assets requires consistent recalibration," says Stanfield. "You want to make sure you're restructuring your portfolio as needed to balance the various needs

PAUL BRADBURY/GETTY IMAGES

of income, growth or protection." A portfolio that's overly aggressive may not protect against inflationary risks and the rising cost of health care, and one that's too conservative may lose value too quickly.

5. GIVE AS PART OF YOUR LEGACY

One of the greatest gifts in life is the ability to give back. Doing so in the most responsible and tax-efficient way possible requires not only strategic planning but also thoughtful design—one that incorporates your full intentions for your legacy.

"Advanced planning allows for a lot. For example, it allows individuals to use insurance to replace philanthropic gifts," says Stanfield. "It gives individuals the ability to leverage the income from their portfolio while giving to charity." But all that starts, says Stanfield, with identifying the legacy and charities of choice, and then incorporating your giving intentions into an estate plan.

To ensure that your retirement aligns with your vision, plan ahead, plan early, and plan with an advisor. That way, you can relax and enjoy your second act. ▲

Talk to your Regions Wealth Advisor about:

- Your goals for retirement
- How your portfolio can help you meet those goals
- How to prepare for the rising cost of health care

BY CHRISTOPHER E. RITCHIE
Vice President and Wealth Advisor, Regions Private Wealth Management

Diversifying for the New Millionaire

You sold your business. You received a cash bonus. Aunt Gertrude left you part of her estate. No matter how it happened, you now have $1 million or more in investable assets sitting and collecting pennies of interest. Now you want to invest it someplace, but you're not sure what will give you the returns to suit your goals. Global growth stocks? Municipal bonds? Commodities? Real estate?

The answer may actually be all of them.

> *"When done right, a diversified portfolio gives you the highest possible return for the lowest possible risk."*

If your money was made through a single source of income, diversification remains one of the most critical steps toward preserving and growing your money for the future. A diversified portfolio, invested across a broad range of instruments, market caps, industries and geographies, will help you weather market storms.

When done right, and when customized to your individual needs, a diversified portfolio gives you the potential for the highest possible return for the lowest possible risk. Here are five steps to get started.

1. Look at your goals. There is no one-size-fits-all approach to building a portfolio. Your asset allocation strategy should reflect your own unique goals, needs and aspirations, as well as your tolerance for risk. Looking at factors such as your age and time until retirement, as well as your lifestyle and tax bracket, will help you determine how long the funds need to last and how much income must be generated by the portfolio.

2. Keep taxes in mind. If your wealth is concentrated in one asset, such as company shares or real estate, diversifying will mean selling pieces of that asset and buying others. But be careful about selling too quickly: If the asset you own has climbed in value, a sale may trigger significant capital gains.

3. Make sure your choices work for you. You may come up with a portfolio strategy that makes perfect sense, but if the market risk involved has you tied in knots, you may need to rethink it. The more uncomfortable you are, the harder it's going to be to resist selling when you shouldn't.

4. Stick with your plan. When investors react to market swings with emotion, they tend to make poor investment moves, such as buying high and selling low. Commit to staying the course. And don't forget to allocate some of the funds to something you're passionate about, whether that's starting a small business, traveling or philanthropy.

5. Get your team together. There may have been stocks you've always admired, but it's best to leave the money parked in savings until you've brought in some experts, including your advisors and accountant. They can work collaboratively on the best solution for you. ▲

See complete investment disclosures on the Table of Contents.

Family Book Business

The co-owners (and father-daughter team) of New York City's famous Strand Bookstore tell us about their business. • By Adam Shalvey

Fred Bass and Nancy Bass Wyden are co-owners of Strand Bookstore, a New York City icon that is famous for having 18 miles of books (although they say it's now probably more like 22 miles). They are also father and daughter—the second and third generation of the Bass family to have run the store since Fred's father founded it in 1927. In an age when digital retailers have consistently beat out brick-and-mortar bookstores, Strand has stayed relevant and thrived—partly because Fred and Nancy rely on data and innovation to keep the store popular with local browsers and tourists alike. We sat down to talk about working together and running the family business.


Nancy Bass Wyden and Fred Bass, co-owners of Strand Bookstore.

DIVIDING THE WORK

Fred: I come in four days a week and do what I love—buying books. I'm at the book-buying desk all day long, and there are no dead days. Every day there's fresh inventory coming in.

Nancy: And I manage the staff and think of new products that are right for our audience. We focus on different aspects, but we're a team.

NEW IDEAS, NEW PRODUCTS

Fred: We have dinner at least once a week. It's a family dinner, and we're able to chat. Nancy has great ideas for the store and she's made some incredible improvements.

Nancy: For example, if you're going to buy a book, you're going to need to put it in a bag. So we have all these really fun bags that are book-themed. We have bookmarks, book lights, postcards and stamps. With so many artists on staff as booksellers, we're able to utilize them as our creative team.

DEVELOPING A PARTNER

Fred: After Nancy was working here for a while, she was still the "boss's daughter." So one year I had her give out the end-of-year bonuses. She went and talked with our staff about their goals for the next year—how they could grow with us. I thought that was absolutely brilliant. I ended up turning over more of the operations to her.

Nancy: You did a lot of things right. When I was 16, I answered the phones. I would sharpen pencils and straighten up the kids' books. After I went to college and earned an MBA, you gave me great advice to go out and try something very different. That other job, working for an energy company, showed me what it was like to work for a company that was very structured.

Fred: My dad gave me the same advice: "Go try something else first."

DATA WINS

Nancy: We are both very data-driven. We look at a lot of sales reports. Our computer system keeps track of our sales for the last 15 years.

Fred: The latest thing that Nancy did was look at the data and figure out that customers had an easier time shopping from the tables than the shelves. So we moved things to make the shopping experience better—and she was right.

LOOKING INTO THE FUTURE

Fred: I'm still working at this because it's like a treasure hunt. Every time we open up a box of books, we don't know what we're going to find.

Nancy: We're in the business of recycling ideas and inspiring people. I love working here with my dad because I love being close to him. There is so much room for us to use our strengths.

TO READ MORE ABOUT FAMILY BUSINESSES go to regions.com/wealthinsights.

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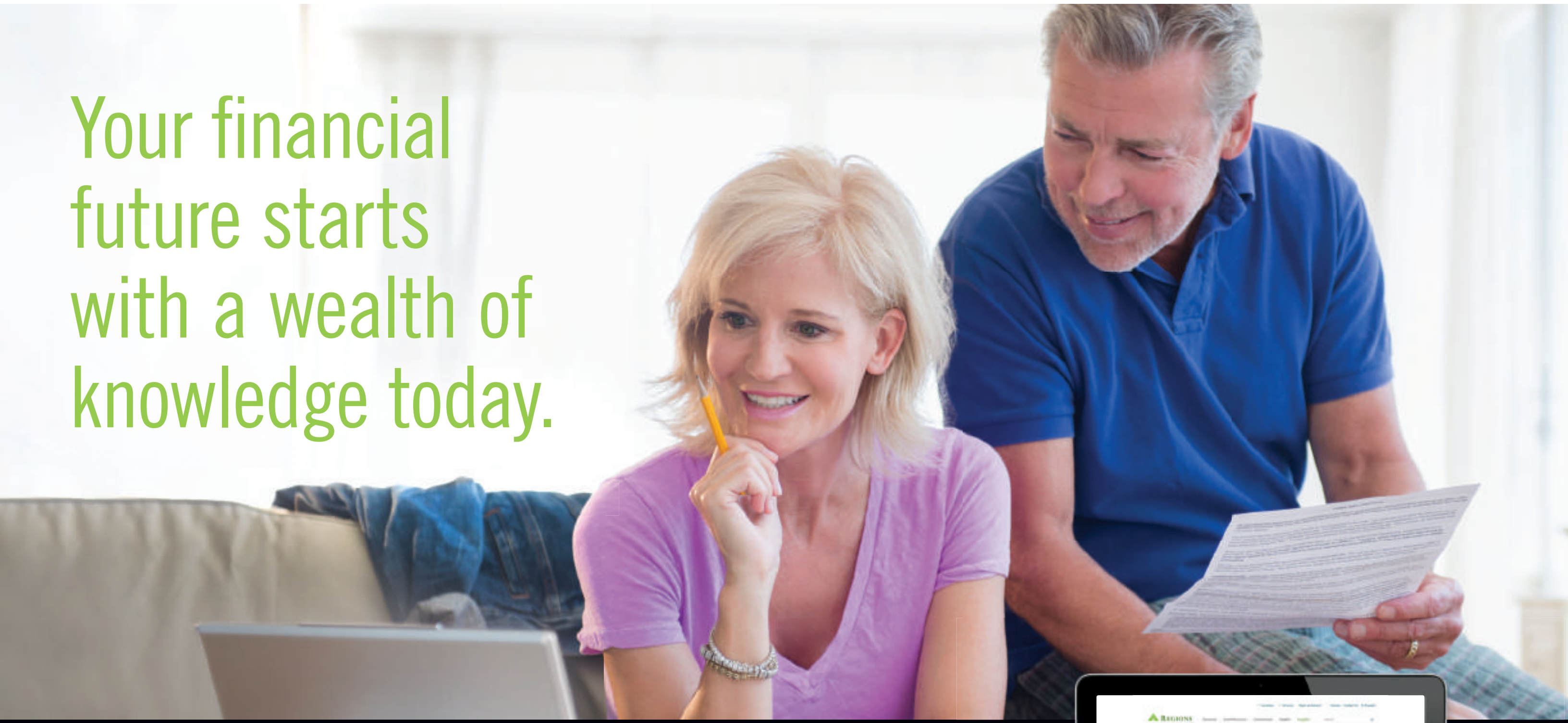

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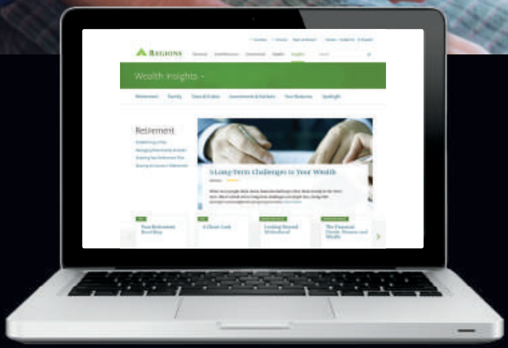

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