



1. Asset Management

1.1. Investment Management

At FMG, the belief that your success is our success informs everything that we do. Investment management is a significant component of our comprehensive wealth management offering, and we take a highly personal and customized approach to managing your money. Working with you, we strive to understand every aspect of your life that affects your financial goals. Then we craft customized solutions designed to help you achieve these goals. The FMG Integrated Approach® to investment management includes an open architecture platform that combines our own comprehensive investment management capabilities with options from outside managers to provide an appropriate mix of assets for your portfolio. We believe a disciplined process combined with client participation can help yield the best results, and when you invest with FMG, you can count on discipline, personal attention and customized solutions.

1.1.1. Exchange Traded Funds

Exchange-traded funds (ETFs) are baskets of stocks or bonds designed to closely track the composition and performance of a market index. With an ETF, you can gain exposure to a whole portfolio of stocks or bonds in one security transaction - just as easily as you would buy an individual stock or bond. Like mutual funds, ETFs own a portfolio of securities, but similar to individual stocks, ETFs allow you the increased flexibility of intra-day trading.

1.1.1.1. Do ETFs offer other advantages over mutual funds?

Exchange traded funds tend to be less expensive than traditional mutual funds with expense ratios typically ranging between .07 - 1.19%. In addition to being highly liquid and tradable in real time, they may offer better tax efficiency than mutual fund investments.

1.1.1.2. Can exchange-traded funds replicate any index?

There are exchange-traded funds to track most major indices and FMG offers you access to over 100 different funds. Like index funds, exchange traded funds are passively managed and designed to track the price performance and dividend yield of the underlying index.

1.1.1.3. Who invests in exchange-traded funds?

Institutional and individual investors alike have found exchange-traded funds to offer liquid and cost-effective exposure to a broad range of asset classes. For short-term investors, an exchange-traded fund can provide an attractive alternative to money market funds. ETFs can also provide investors with diversified exposure to a specific industry, sector or group of stocks in a single investment, and do so with a low cost, passive approach.

If you're looking for a cost efficient alternative to passively managed index funds, speak to your FMG advisor about exchange-traded funds and how they might help you meet your investment objectives.

1.1.2. FMG Capital Advisors

FMG Capital Advisors, LLC, (FMGCA), a subsidiary of The FMG Financial Services Group, Inc., is a multi-strategy investment management organization providing investment solutions across a wide array of investment vehicles, styles, and asset classes, including large-cap equity, taxable and tax-exempt fixed income.

FMGCA seeks to provide competitive performance and quality service to our institutional clients. As an established institutional asset manager, we are experienced with the diverse investment requirements of corporate, public, multi-employer, foundations, endowments and other institutional clients, and offer a comprehensive array of investment strategies and services to meet the needs of those clients. Three distinguishing characteristics - scale, flexibility, and commitment - are at the foundation of our firm.

1.1.2.1. Scale

We have the resources to meet the client's needs. Our parent company, FMG, provides continued investments in product development, personnel, and system upgrades. Our scale enables us to provide greater levels of portfolio customization and attract and retain top portfolio management and client service talent, which reduces potential disruptions to the client and allows us to build enduring relationships. Our firm has a strong culture of risk management. Under the direction of our chief risk officer, an effective risk management framework exists at every level within the organization - investment, operational, regulatory, compliance and legal.

1.1.2.2. Flexibility

We believe one size does not fit all and are structured with the capabilities to meet the needs of each client. A distinct leadership team and firm committees allow us to operate independently and manage decisions at the firm level. All of our teams work together and communicate proactively to ensure we deliver on objectives.

1.1.2.3. Commitment

We aim to deliver. Our investment styles are carefully managed to ensure they remain style pure and follow proven, repeatable processes. Our investment strategies offer track records by established teams with experienced members. Our focus on transparency is evidenced by consistent management and reporting. We will always work in the best interest of our clients - focusing on their circumstances, needs and expectations - because we consider the relationship a partnership.

1.1.3. Separately Managed Accounts

In an increasingly complex financial environment, we believe no single asset manager can excel across all asset classes and investment styles. Through our FMG Integrated Approach to wealth management, we believe you can benefit from a comprehensive, personalized investment program that gives you access to a broad range of managers across the spectrum of asset classes and investment styles.

1.1.3.1. Institutional Knowledge for Individual Investors

Traditionally, the independent managers we select have provided their services only to large institutional investors. As a client of FMG, you gain access to an institutional level of service and knowledge at a lower account minimum.

1.1.3.2. Benefit from Direct Ownership of Securities

Separately managed accounts include individual securities that you own directly. Direct ownership allows more customization - for example, you may restrict investment in securities that you may not want to hold for ethical reasons. Because you own the individual security, you can also work with your advisor to manage capital gains and losses in order to help optimize your tax situation.

1.1.3.3. Why should you consider a separately managed account with FMG?

In addition to personalized management from an advisor who strives to understand your goals and aspirations, you'll benefit from our relationships with outside managers, ongoing monitoring and review by your personal account manager, and comprehensive performance reports as well as portfolio analytics and a single consolidated statement.

1.1.3.4. Our FMG Integrated Approach can help you access sophisticated investment management capabilities with ease.

1.1.4. Alternative Investments

Alternative investments (for qualified investors) are just that - alternatives to traditional asset classes such as equity and fixed income. These investments, which can include hedge funds, private equity, real estate, natural resources, and commodities, offer risk and return characteristics that may differ greatly from those of more mainstream asset classes. Because of their differing risk/return characteristics, these assets can usually have a positive impact on your portfolio. These investments have the potential to reduce the overall risk of the portfolio without materially affecting expected returns. Due to private placement regulations, most alternative products are available only to institutional

investors and private investors who meet certain qualifying standards.

1.1.4.1. Hedge funds can take an opportunistic approach to investing

A hedge fund is a privately organized, pooled investment vehicle that can invest in publicly traded securities, currencies, commodities, interest rates and derivatives. Typically pursuing absolute return objectives, they seek to generate positive returns across all market conditions. They do this by taking opportunistic positions and employing complex investment strategies.

1.1.4.2. How can an individual investor find attractive opportunities to invest?

Investing in hedge funds independently can be a difficult proposition. Even private investors who meet rigorous qualifying standards can be at a disadvantage when it comes to making an informed investment decision. Information is a closely guarded commodity within the industry, primarily due to strict nonsolicitation regulations, as well as the desire to protect proprietary strategies. FMG, with extensive knowledge and contacts throughout the industry, can help you determine if these investments are right for you and help facilitate your investment in this dynamic asset class.

1.1.5. Private equity can offer enhanced diversification and the potential for superior returns over the long term

Private equity -- direct or indirect investment in companies that are not listed on a public stock exchange -- can also offer investors the potential for increased diversification as well as the potential for superior returns in exchange for increased asset, financial and especially liquidity risks.

1.1.5.1. A private equity investment requires the investment of long-term capital

Returns may not be realized for several years. Since there is no secondary market, transferring or selling ownership in such an investment is typically not possible. Private equity investment is possible through pooled funds, but these funds can share the same types of risk as direct investments. However, for qualified investors

with capital to invest for the long term, private equity may provide an attractive complementary alternative to the public equity market. FMG Wealth Management(R) can offer qualified clients expertise in private equity investing, as well as a thorough due diligence process to select attractive investment opportunities for our clients.

1.1.6. Integrated Approach

One of the keys to successful investing is to employ a consistent and disciplined approach to investment decision-making over time. FMG Integrated Approach® is the foundation of our wealth management philosophy. You work closely with a highly experienced advisor who can design a custom-tailored program built to help you achieve your personal financial goals. Our open architecture platform combines a wide array of investment products, both our own and those of other providers, to offer you the options that are best suited to your needs. From separately managed accounts to individual securities, alternative investments and more, we offer the range of products necessary to create an integrated solution.

1.1.6.1. Getting to know you and your goals

Our integrated approach begins with getting to know you. Your advisor will arrange an in-depth consultation to develop a deep understanding of your goals and your values. We listen intently to truly understand what you would like to achieve, your relationship to money, your tolerance for risk and the unique circumstances that inform your financial goals. We are focused on developing a relationship that will last and evolve over time. As your circumstances change, we keep in close touch to help ensure that your investment strategy reflects these changes. Hand in hand with your advisor, you will create a personal Investment Policy Statement to serve as a roadmap for your investment strategy.

1.1.6.2. A customized asset allocation strategy reflects your objectives

Based on your objectives, risk tolerance, time horizon and unique circumstances, we develop a personal asset allocation strategy that will help you work toward your

financial goals. We believe asset allocation contributes more to portfolio performance than any other factor, and we use a strategic matching process to help determine that your asset allocation reflects your investment objectives. We help confirm that your portfolio is suitably diversified among various asset classes, since we believe diversification can reduce your overall portfolio risk.

1.1.6.3. Every investment option is rigorously screened

Our approach to selecting investments is objective and utilizes an appropriate mix of investment managers, securities and funds selected to fit your customized asset allocation. Each of these solutions is subjected to a meticulous screening process to help determine that it meets our investment parameters. Subsequent to our initial due diligence, each product or security is regularly reviewed by our analysts to help determine that screening standards continue to be met.

1.1.6.4. Your portfolio is regularly monitored

We monitor your portfolio on a regular basis to determine whether changes need to be made in your asset allocation, choice of managers or investment options. Within the guidelines that you and your advisor have established, we tactically allocate your assets to manage risk and capitalize on intermediate term market conditions.

1.1.6.5. Communicating to succeed

Ongoing and regular communication is the real key to a successful relationship. Not only do we provide regular briefings on portfolio performance and comprehensive account information, but we conduct regular reviews to keep abreast of the changes in your life and help confirm that your Investment Policy Statement reflects your needs. Nothing is more important to us than maintaining the relationship we've built with you and continuing to provide the customized and personal solutions you want. When you succeed, we succeed.

1.1.7. Individual Stocks-Bonds

If your investment goals are for the long term, such as planning for your retirement or

funding the education of your child or grandchild, then stocks may be worth considering. An advisor can help you decide whether equities or bonds are right for you.

1.2. Investment Strategy

As a FMG Wealth Management® client, you benefit from a customized strategy designed with your unique financial goals in mind. Based on an understanding of your needs developed through a series of personal meetings, we'll devise a strategy that takes all of your concerns into account to help achieve your financial goals. Your time horizon, return objectives, tax situation and unique personal circumstances all come together in a strategy that's tailored just for you.

1.2.1. Personal Investment Policy

Every client has unique needs, and our relationship is built around understanding yours. When you turn to FMG Wealth Management for advice on managing your wealth and achieving your financial objectives, the first thing we expect to do is get to know you. We listen intently to understand where you are in life, and what priorities may be driving your investment strategy. Working Together for Your Success

Together, we will help to define your financial goals with precision. Based on an ongoing dialogue, we will help to establish your time horizon, gauge your appetite for risk, determine your liquidity requirements and formulate a return objective that takes the totality of your unique circumstances into account. A personal investment policy statement may be your roadmap to success. All of the parameters we've set out, from time horizon to return objective and everything in between, will be consolidated into a comprehensive personal investment policy statement. This statement will formally document the points that you have agreed on with your advisor, including your asset allocation and investment guidelines. Using the investment policy statement as a key reference, your FMG advisor will monitor your progress and help determine that you're on track to meet your financial goals.

1.2.2. Asset Allocation

We believe asset allocation, or the process of investing your assets in the optimal mix of

major asset classes, including stocks, bonds, cash and real estate can contribute more to long-term investment results than any other strategy. A well-constructed asset allocation model will distribute your investments among different types of assets to help effectively manage risk and help enhance the predictability of returns.

1.2.2.1. One of the most important approaches to investing may be diversification across asset classes.

Using a variety of proprietary tools and analytical techniques, we allocate your investments across asset classes based on your unique investment objectives. We call this strategic matching, which means that we establish a match between the asset allocation and your investment goals. Rather than focusing on outperforming a particular stock market index, our efforts are concentrated on helping you achieve your personal investment objectives.

Strategic matching establishes a road map to help you reach your long-term goals, and provides us with a basis for monitoring your progress. More importantly, it can help you move beyond thinking of results only in terms of beating common benchmarks such as the S&P 500®. We help keep you focused on what we believe really matters - achieving your long-term investment objectives.

1.2.3. Economic and Investment Insights

As part of The FMG Financial Services Group, our Wealth Management and Institutional Investment professionals have access to an award-winning economist and a top investment strategist. We factor their insights and analysis into our clients' portfolios. This section features FMG's economic and investment publications, including commentaries, white papers, survey summaries, and reports.

1.2.3.1. Investment Corner

FMG's Investment Corner offers a thorough analysis of current conditions and trends in the financial markets and economy - and how they affect investors and consumers with details on FMG's short-term and long-term forecasts for various asset classes as well as our strategic and tactical asset allocation

recommendations.

1.2.3.2. White Papers

In this section, we have compiled a selection of in-depth white papers and brief commentaries on important topics facing investors today.

1.3. Portfolio Risk Management

Our integrated investment approach places a strong emphasis on risk management, as the amount of risk you choose to assume may be the one aspect of investing that is within your control. Moreover, risk management, as a component of your asset allocation strategy, is an essential tool for helping you meet your investment objectives.

1.3.1. Managing risk through asset allocation

Broad diversification at the asset level may be one of the most effective steps you can take to help manage the risk in your portfolio. Limiting your commitment to a single asset class and adjusting your asset allocations based on changing circumstances are also important strategies.

1.3.2. Rebalancing may keep us on track to help you achieve your objectives

We believe over time, investment performance can alter the asset allocation balance in your portfolio. For example, if an asset class outperforms, appreciation may increase the asset class' weight in proportion to the total portfolio value. In order to maintain your desired exposure to that asset class, it may be necessary to sell enough securities to return your allocation to the originally targeted level.

Rebalancing can help to lower risk and increase the probability of helping you achieve your investment objectives. Based on the impact of transaction costs and taxes, we believe that a portfolio should be rebalanced annually, or whenever asset class weighting

deviates from the target by more than 5%.

1.3.3. Meeting the Challenge of a Dynamic Environment

At FMG, we take every measure possible to help you achieve your investment objectives. We manage asset allocation on an ongoing basis, through tactical risk control, to help preserve the desired level of risk as market conditions change.

Extensive analysis and modeling forms the basis of our tactical allocation shifts, while our advisory team's deep experience and finely honed judgment allows us to fine tune the output of our models. Our tactical shifts in overweighting or underweighting asset classes are based on fundamental assessments of the asset class outlook. We act to help so that you continue to assume only the level of risk that is consistent with your investment guidelines.

1.4. **Strategies for Concentrated Equity Positions**

Holding a concentrated investment portfolio is inherently risky. Some investors, particularly company executives who are compensated in part with shares, can end up with very large positions in one stock. If you have a large equity position and would like to diversify your holdings, we offer a number of strategies that can help you reduce your exposure.

1.4.1. Purchase of Put Option

When circumstances prevent you from diluting a concentrated equity position, you need a hedging strategy to help protect the value of your investment should the stock price decline. At the same time, you'll want to be sure that you can share in the stock's upside potential. Put options can help you do both.

1.4.1.1. **Buying a put option is a hedging strategy.**

When you buy a put option, you receive the right to sell a stock at a set price on some future date. You are not obligated to exercise the option, but if the stock's market price has fallen below the sum of the put's exercise price and its cost, you'll certainly want to. On the exercise date, you can sell your stock for the exercise price. If you're unable to liquidate your position for any reason, you can

opt to receive a cash payment for the difference between the exercise price and the market price.

1.4.1.2. Here's how "the strategy" works.

The price you pay for a put option is called the premium. Let's say that your stock currently trades at \$100 per share. You buy an option with an exercise price of \$90 per share for a premium of \$10. On the exercise date, the stock price has fallen to \$70 per share. You can sell your stock for \$90, and you paid \$10 for the option to do so. You've realized a value of \$80 per share, \$10 more than the market price. Hedging costs can vary greatly. The longer the term of protection, the higher the put option's premium. Volatile stocks cost more to hedge as well. When you assume more downside risk, the premium falls. Depending upon your appetite for risk, you can choose the risk/return tradeoff that best suits you.

1.4.2. Cashless Exercise

1.4.2.1. If unexercised stock options constitute a significant portion of your assets, you face unique challenges.

Such concentrated exposure to one company may represent more risk than you're comfortable assuming. Perhaps you are limited in the steps you can take to diversify your portfolio. Do you want to lock in unrealized gains? FMG Wealth Management can help you unlock the value of options.

1.4.2.2. More options for your stock options

If your company has rewarded you with stock options, FMG Investments LLC, an affiliate of FMG, is a registered broker-dealer and member of [FINRA](#), and [SIPC](#), can help you exercise these options and realize their value without an upfront outlay of cash. A "cashless exercise" can allow you to reap the financial rewards of your stock options without disturbing your current investment portfolio or securing separate financing.

1.4.3. PrePaid Forward Contract

1.4.3.1. A prepaid forward contract can help you achieve multiple objectives.

You can protect stock positions against the risk of falling stock prices while still retaining some opportunity to benefit from rising stock prices. A prepaid forward contract will also allow you to generate liquidity for diversification or other purposes.

1.4.3.2. Use a prepaid forward contract to receive from 75% to 85% of your stock's value in cash.

If you'd like to realize the value of your concentrated stock holding and generate cash without selling your stock, making interest payments on a loan or subjecting yourself to borrowing restrictions based on how you plan to use the funds, a prepaid forward contract may be the solution you need.

1.4.3.3. Flexible structuring to meet a range of needs

When you enter into a prepaid forward contract agreement, you'll receive an upfront payment in exchange for a commitment to deliver securities in the future. On the settlement date, the number of shares you deliver will be dependent on the stock's market price at maturity. Since the contract establishes floor and threshold prices that govern how many shares are returned at a given market price, you can help protect your position against downside risk below the floor while enjoying appreciation potential up to the threshold price. You'll have cash in hand to use as you wish -- with no interest payments, no margin calls, and the security of knowing your losses are limited.

1.4.4. Equity Collar

1.4.4.1. Would you like to protect your concentrated equity position from a decline in the stock price but reduce the up-front costs of hedging?

An equity collar strategy uses put and call options to help you achieve this goal while retaining some, but not all, of your position's upside potential.

1.4.4.2. Create an equity collar hedge by purchasing a put option and selling a call.

When you sell a call option, you collect a premium for giving the buyer the right to buy the stock from you at a specified exercise (or strike) price. If the stock's market price rises above the strike price, you're obligated to sell the stock at the

below-market price if the option is exercised.

1.4.4.3. When you purchase a put option, you gain the right, but not the obligation, to sell a security at a specified price.

1.4.4.4. Hedge your risk and avoid paying an upfront premium.

You can create an equity collar by purchasing a put with the strike price at or below the current stock price and selling a call with a strike price that exceeds the current stock price. This collar establishes a minimum and maximum value around your equity position for as long as the option contracts are in force. With a zero cost collar, you can structure the hedge so that the premium you generate from selling the call offsets the price you pay for the put option.

1.4.4.5. Take the uncertainty out of holding a concentrated stock position

With an equity collar, you'll eliminate much of the inherent risk you face by holding a large position in a single stock. You'll be protected against downside risk below the put option price, although the opportunity for unlimited capital appreciation will be capped by the sale of the call option.

1.4.5. Sale of Call Options

1.4.5.1. Would you like to generate current income from your stock position without selling your securities?

If you don't think your stock is likely to appreciate significantly in value, selling call options might be an effective strategy for meeting your immediate desire for income.

1.4.5.2. Selling call options is a strategy that works well when you believe your stock won't move sharply in value - in either direction. What a call option won't do is protect you from downside risk.

The seller of a call option gives the buyer the right to purchase a share of stock at a predetermined "strike" price. The seller of the call sacrifices any upside potential beyond the strike price, but benefits by generating current income. The buyer profits from the purchase when the underlying stock's price increases. When the

seller owns the underlying stock, the option is called a covered call.

1.4.5.3. A derivatives-based strategy can help you achieve a variety of investment objectives

Option based strategies can also have many implications in terms of taxation and regulatory issues, for example when insider sales restrictions apply to your holdings. Your FMG investment professional can work with you to design a customized strategy.

2. Asset Protection

At FMG, our clients' achievement is our success. We recognize that each individual's goals are unique and dynamic. We actively work to develop long-term, trusted relationships with our clients, as well as their professional advisors.

Contact Us today at one of our convenient office locations for more information. With offices and branches in 16 states and Washington, D.C., you will receive close personal attention from FMG Wealth Management®'s seasoned professionals.

2.1. Trusts

Whether you're seeking to manage your own assets, control how your assets are distributed after your death or looking for a way to help safeguard personal and professional assets from liability, trusts can help you accomplish your wealth planning goals. Their power is in their versatility - many types of trusts exist, each designed for a specific purpose. Although trust law is complex, we can help you learn the basics, establishing you as a valuable member of your own FMG Wealth Management team.

2.1.1. What is A Trust?

A trust is a legal entity that holds assets for the benefit of another. Basically, it's like a container that holds money or property for somebody else. There are three parties in a trust arrangement:

- 2.1.1.1. **Grantor:** (also called a settlor or trustor) The person(s) who creates and funds the trust
- 2.1.1.2. **Beneficiary:** The person(s) who receives benefits from the trust, such as income or the right to use a home, and has what is called equitable title to trust property
- 2.1.1.3. **Trustee:** The person(s) who holds legal title to trust property, administers the trust, and has a duty to act in the best interest of the beneficiary

You create a trust by executing a legal document called a trust agreement. The

trust agreement names the beneficiary and trustee, and contains instructions about what benefits the beneficiary will receive, what the trustee's duties are, and when the trust will end, among other things.

2.1.2. Funding a Trust

You can put almost any kind of asset in a trust, including cash, stocks, bonds, insurance policies, real estate, and tangible assets. The assets you choose to put in a trust will depend largely on your goals. For example, if you want the trust to generate income, you should deposit or invest in income-producing assets, such as real estate, in your trust. Or, if you want your trust to create a fund that can be used to pay estate taxes or provide for your family at your death, you might fund the trust with a life insurance policy.

2.1.3. Why Use A Trust?

There are a variety reasons why creating a trust may be the right solution:

2.1.3.1. 1. Minimize estate taxes

Generally assets that have been transferred to an irrevocable trust more than three years prior to your death and following tax-planning strategies are not included in your gross estate when you die for estate tax purposes. It is important to note, however, that gift taxes may have to be paid at the time of the original transfer to the trust. However, any appreciation in the assets after the transfer will avoid both estate and gift taxes.

2.1.3.2. 2. Shield assets from potential creditors

Lawsuits, taxes, accidents and other financial risks are facts of everyday life. And though you'd like to believe that you're safe, misfortune can befall even the most careful person. What can you do? First, identify your potential loss exposure and then implement strategies that are designed to help reduce that exposure without compromising your other estate and financial planning objectives. A protective trust can protect both business and personal assets from most creditors' claims. A trust works because it splits ownership of trust assets; the trustee has equity ownership

and the beneficiaries have beneficial ownership.

2.1.3.3. 3. Avoid the expense and delay of probate

Assets in both a revocable and irrevocable trust do not pass through probate at your death. The assets are distributed in accordance with the terms of the trust, which may even continue past your death. Your estate, therefore, avoids the cost and delay of probate. A further benefit of using a trust is that you will have increased privacy. A will is a public document (i.e., anyone can go down the probate court and review the contents of your will). However, in many states, a trust remains private.

2.1.3.4. 4. Preserve assets for your children until they are grown

In case you should die while your children are still minors, generally, under age 18, you may want to use a trust if you plan to leave your assets to them. Because you cannot predict when you will die, you may want to set up a contingent trust in your will in case you die when your children are still minors. The assets could then be transferred to the trust, and the trustee could manage the assets and make the necessary distributions when your children reach an older age.

2.1.3.5. 5. Create a pool of investments that can be managed by professional money managers

2.1.3.6. 6. Set up a fund for your own support in the event of incapacity

Another reason to use a trust is to protect yourself in case of a mental or physical disability or other age-related problems. You can set up a trust, name yourself as the beneficiary, and then name yourself and another person as the trustees. If you become infirmed or mentally incapacitated, the other trustee can manage your assets for you and distribute those assets in a way that is in your best interest.

2.1.3.7. 7. Shift part of your income tax burden to beneficiaries in lower tax brackets

By transferring income-producing assets to certain types of trusts, you may be able to transfer income to those heirs who are in a lower income tax bracket than you. By doing this, you may be able to reduce your own income taxes.

2.1.3.8. 8. Provide benefits for charity

These types of trusts may provide you with both income and estate tax benefits, and also allow you to give to your favorite charity upon your death.

2.2. Delaware Trusts

Delaware offers individuals and businesses a unique climate for protecting and perpetuating wealth.

Among FMG's exceptional and specialized resources is our capability to offer the benefits of Delaware Trusts through the FMG Delaware Trust Company. It is distinguished for its tradition of favorable personal trust laws which help wealthy individuals preserve wealth for themselves and future generations. Delaware is recognized for its progressive tax legislation emphasizing flexibility, tax savings, perpetual trusts, and asset protection.

2.2.1. Type of Delaware Trust

2.2.1.1. Asset Protection Trusts

In today's increasingly litigious society and uncertain economy, wealthy individuals are focused on preserving hard-earned assets for retirement and passing a legacy to heirs.

Professionals, business owners and others concerned about potential lawsuits are using Delaware Asset Protection Trusts to protect assets from future creditors. The creator of the trust ("Settlor") has the ability to receive distributions from the trust and can retain control over the investment of trust assets.

2.2.1.2. Direction Trusts

Delaware's Direction Statute adds significant flexibility to Delaware Trusts by permitting the Settlor to allocate distribution, investment, and administrative decisions among co-trustees, advisors, and/or trust protectors. The Settlor can appoint an Investment Advisor to be responsible for investment decisions and a Distribution Advisor, who has personal knowledge of beneficiaries' needs, to make

distribution decisions. A Trust Protector may also be appointed with specific powers to address changes in the law and other circumstances.

2.2.1.3. Delaware's "Decanting" Statute

Sometimes the provisions of an irrevocable trust can become problematic or difficult to administer. Delaware offers the possibility to amend irrevocable trusts to better help fulfill the needs of beneficiaries and to address administrative issues. Delaware law permits a trustee, in certain circumstances, to effectively amend a problematic trust without court costs by "decanting," or pouring over the assets of a trust to a new amended trust.

2.2.1.4. Delaware Tax-Advantaged ("DING") Trusts

The creation of a Delaware Tax-Advantaged Trust, sometimes called a "DING" Trust (Delaware Incomplete Gift Non Grantor Trust) can create a unique opportunity to minimize, or even eliminate, state income taxes. Delaware effectively does not impose any income tax on accumulated income or retained capital gains in a trust that does not have any Delaware resident beneficiaries. So, for example, in certain circumstances a business owner may be able to save state income tax on the capital gain realized upon the sale of his or her interest in a closely held business with the use of a Delaware Tax-Advantaged Trust.

2.2.2. Moving Existing Trusts to Delaware

The advantages of Delaware law may be enjoyed not only by trusts that are initially created under Delaware law, but also by existing trusts created under the laws of another jurisdiction. In many circumstances, an existing trust can be moved to Delaware to help better fulfill the Settlor's intent and the beneficiaries' interest. Existing trusts are moved to Delaware to:

2.2.2.1. Minimize or eliminate state income tax;

2.2.2.2. Appoint Investment Advisors, Distribution Advisors and/or Trust Protectors under Delaware's Direction Statute;

2.2.2.3. Enable a trustee to amend a problematic irrevocable trust under Delaware's

Decanting Statute:

2.2.2.4. Extend the duration of a trust;

2.2.2.5. Obtain more effective creditor protection for beneficiaries;

2.2.2.6. Minimize fees and administrative costs.

2.3. Asset Protection Trusts

At one time or another you may have faced the specter of a lawsuit that threatens your personal wealth.

Individuals in some professions are more likely than others to face an increased risk of lawsuits, including entrepreneurs and corporate board members. But there is a way to help protect your assets from potential future liabilities.

2.3.1. Establish a Delaware Asset Protection Trust to help your assets stay in your hands.

Delaware law permits you to establish a special type of irrevocable trust that, when properly done, may protect your assets from creditors. To establish a Delaware Asset Protection Trust, you transfer selected assets that, once transferred, may be insulated from future creditors.

2.3.1.1. How do trusts work in general?

In simple terms, a trust is a legal entity that you create with your attorney by a written document in which you authorize the trustee to manage the property transferred to the trust for the purposes that you specify within the trust document. While the trustee holds legal title, you or designated beneficiaries, retain beneficial title, and the trustee is legally obligated to operate within the terms of the the trust and applicable law.

2.3.1.2. Can I retain control over the assets placed in an Asset Protection Trust?

As grantor, Delaware law permits a trust to allow the grantor, during his or her lifetime, to direct the investment of the assets; to receive income and principal, and

to veto distributions to third parties. As grantor, you can also retain the power to distribute the assets through a limited power of appointment at your death. To protect your assets, you may relinquish some control over the assets, but losing control does not mean losing all of the economic benefits from the property transferred. If you're concerned that your assets might be at risk, FMG Wealth Management(R)can work with your legal counsel to create a customized solution to meet your needs.

2.4. Dynasty Trusts

2.4.1. Powerful Estate Planning Tool

Passing your wealth to future generations can be complicated. Substantial federal gift and estate taxes may be imposed on wealth transferred during your lifetime and at death. A third tax, known as the generation-skipping transfer tax, imposed at the highest transfer tax rate, assesses an additional penalty on assets transferred to grandchildren and great grandchildren. FMG Wealth Management® can work with your attorney to pass on your assets without seeing your legacy decimated by taxes. A Delaware Dynasty Trust allows trust assets to grow free of future gift, estate and generation-skipping transfer taxes. A Delaware Dynasty Trust is a powerful estate-planning tool that can be used to help reduce future transfer taxes, as your estate is passed from generation to generation. Because Delaware allows trusts to be structured to continue in perpetuity, property can be transferred to future generations without being taxed each time.

2.4.2. Dynasty trusts can also achieve non-financial goals.

You can do much more than just confirm the financial security of future generations. A Settlor can specify the purposes for which distributions will be made. If you place a high value on education, the trust can direct distributions to be made for tuition at the graduate and undergraduate level. Should you wish to encourage among your descendants a strong social conscience, the trust can authorize distributions to encourage careers in the public or non-profit sectors.

2.5. Real Estate Investment Trusts (REIT)

2.5.1. What is a REIT?

A REIT is a company that owns, operates or finances income-producing real estate. Modeled after mutual funds, REITs provide all investors the chance to own valuable real estate, present the opportunity to access dividend-based income and total returns, and help communities grow, thrive and revitalize.

2.5.2. Who Invests in REITs?

REITs allow anyone to invest in portfolios of real estate assets the same way they invest in other industries – through the purchase of individual company stock or through a mutual fund or exchange traded fund (ETF). The stockholders of a REIT earn a share of the income produced through real estate investment – without actually having to go out and buy, manage or finance property.

2.5.3. Why Invest In REITs?

Most REITs operate along a straightforward and easily understandable business model: By leasing space and collecting rent on its real estate, the company generates income which is then paid out to shareholders in the form of dividends. REITs must pay out at least 90 percent of their taxable income to shareholders—and most pay out 100 percent.

2.5.4. Where are REITs located?

REIT-owned real estate, located in every state, is an important part of the U.S. economy and local communities. Through the properties they own, finance and operate, REITs are real estate working for you.

2.5.5. How Do I Invest in a REIT?

An individual may invest in a REIT, which is listed on a major stock exchange, by purchasing shares through a securities dealer. As with other publicly traded securities, investors may purchase common stock, preferred stock or debt securities. An investor can enlist the services of a broker, investment advisor or financial planner to help analyze his

or her financial objectives. To receive a personalized Investment strategy from a FMG Wealth Management seasoned REIT professional [Contact Us](#) today at one of our convenient office locations for more information.

2.5.6. Categories of REITs

2.5.6.1. Equity REITS

2.5.6.1.1. The majority of REITs are publicly traded equity REITs. Equity REITs own or operate income-producing real estate. The market often refers to equity REITs simply as REITs.

2.5.6.2. Mortgage REITS

2.5.6.2.1. mREITs provide financing for income-producing real estate by purchasing or originating mortgages and mortgage-backed securities and earning income from the interest on these investments.

2.5.6.3. Public Non-Listed REITS

2.5.6.3.1. PNLRs are registered with the SEC but do not trade on national stock exchanges.

2.5.6.4. Private REITs

2.5.6.4.1. Private REITs are offerings that are exempt from SEC registration and whose shares do not trade on national stock exchanges.

3. Planning

There are advantages to planning ahead, including the peace of mind that comes from knowing that you are prepared for your future. FMG Wealth Management® understands the legal concepts, instruments and entities to help achieve your personal, family, business and charitable objectives. To receive close personal attention from a FMG Wealth Management seasoned professional [Contact Us](#) today at one of our convenient office locations for more information.

3.1. Estate Planning

At FMG Wealth Management, you can find the trust and estate solutions you need - planning, administration and asset management services, all in a simple source, and developed in close coordination with your professional advisors. Our approach is uniquely personal, tailored to your needs and built on a strong relationship with you.

3.1.1. [Are you really in control of your money's destiny? Is it really your money?](#)

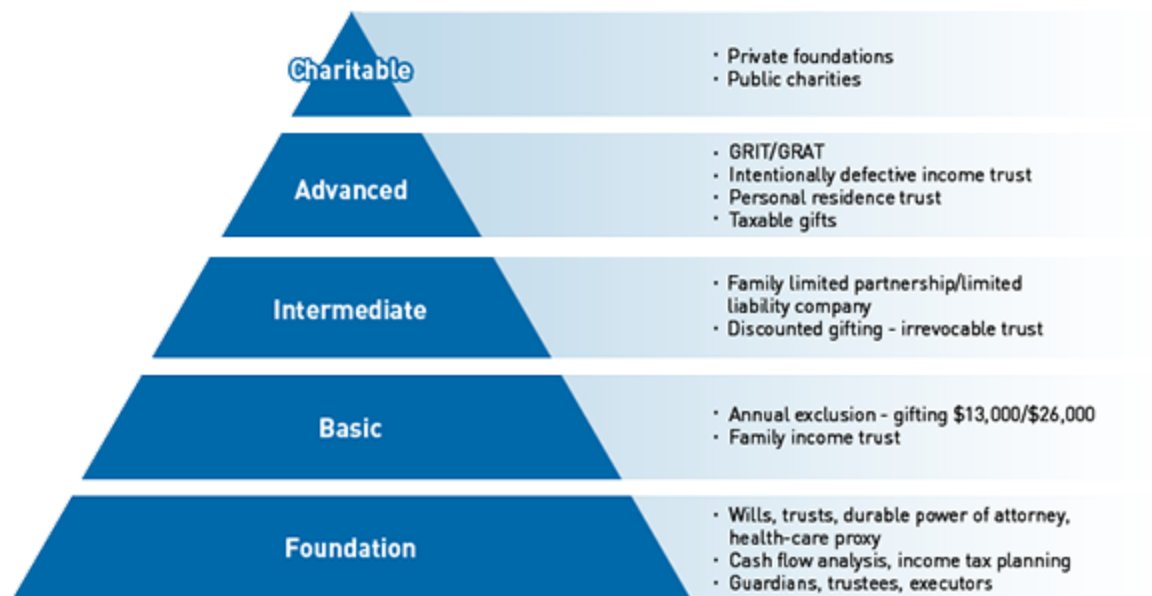
You want to decide who inherits it. But without a thoughtful and sophisticated estate plan, your children could lose their inheritance in divorce settlements, some of your wealth might unnecessarily be lost to taxes, and your legacy could be squandered through poor investments or wasteful spending. Whether you want to endow a charity or provide for grandchildren, you want to feel confident your wealth will last. At FMG Wealth Management®, you can find the trust and estate solutions you need - planning, administration and asset management services, all in a simple source, and developed in close coordination with your professional advisors. Our approach is uniquely personal, tailored to your needs and built on a strong relationship with you.

3.1.2. [What is Estate Planning?](#)

Estate planning is a process designed to help you manage and preserve your assets while

you are alive, and to conserve and control their distribution after your death, according to your goals and objectives. But what estate planning means to you specifically depends on who you are. Your age, health, wealth, lifestyle, life stage, goals, and many other factors determine your particular estate planning needs. For example, you may have a small estate and may be concerned only that certain people receive particular things. A simple will may be all you need. Or, you may have a large estate, and minimizing any potential estate tax impact is your foremost goal. Here, you'll need to use more sophisticated techniques in your estate plan, such as a trust.

3.1.3. Estate Planning Pyramid



3.1.4. What Are Your Goals and Objectives?

Your goals and objectives are personal, but you can't formulate a successful plan without a clear and precise understanding of what they are. They can be based on your particular circumstances and the factors that may affect your estate, as discussed earlier, but your feelings and desires are just as important. The following are some goals and objectives you might consider:

3.1.4.1. Confirm that your property is preserved and passed on to your beneficiaries

3.1.4.2. Avoid disputes among family members, business owners, or with third

parties (such as the IRS)

3.1.4.3. Provide for your children's or grandchildren's education

3.1.4.4. Provide for your favorite charity

3.1.4.5. Maintain control over your property in case of incapacity or determine its competent management

3.1.4.6. Minimize estate taxes and other costs

3.1.4.7. Avoid probate

3.1.4.8. Provide adequate liquidity for the settlement of your estate

3.1.4.9. Transfer ownership of your business to your beneficiaries

3.1.4.10. Provide financial security for your family

3.1.5. Steps to Successful Estate Planning

1	2	3	4	5	6
Pick a Winning Team	Fact Finding	Examine the Data	Recommendations	Create a Plan	Annual Review
Accountant Attorney Trustee Financial Planning Professional Tax Advisor Insurance Professional	Assets/Liabilities Insurance Plan Charitable Plan Health-Care Proxies Trusts Beneficiaries Goals Power of Attorneys Wills	Determine if current needs are met Determine if future needs have been contemplated	Review team suggestions	Sign necessary documents Purchase necessary insurance Make changes as needed	Keep your estate plan fresh

3.2. Financial Advice

Any comprehensive wealth management strategy relies on sound financial planning as the foundation for success. The financial services marketplace offers myriad options for guidance, but it can be difficult to make a choice. With all the advisors offering financial planning services, how do you know whom to trust?

3.2.1. Our RESULTS are based on our RELATIONSHIPS

We can't help you plan where you're going until we know where you've been. The integral element contributing to a successful financial plan is understanding; and we take every step possible to confirm that we understand your needs, your circumstances, your values and your goals. Individuals with substantial assets have complex lives, and they need sophisticated advice. Our advisors devote their careers to offering the service and attention you may need to plan appropriately for your future. Our offerings are customized, and we provide services necessary to help plan for your success

3.3. Business Succession Planning

A business succession plan can help you confirm that your business continues successfully and your financial goals are met.

3.3.1. As a business owner, you have specialized financial planning requirements.

You need a wealth management strategy that will not only help secure your family's financial future, but also answer the question of what will happen to your business when you choose to take a less active role.

3.3.2. What can a business succession plan do for me?

Whether you choose to transfer out of your current role or leave the business altogether, a business succession plan can help determine the orderly transfer of ownership - to your partners, other family members or your heirs.

3.3.3. How Does Succession Planning Work?

Our succession planning professionals have deep experience in valuing companies and structuring successions that take into account management and financial realities. If you would like your business to remain in your family, we can work with your estate planning

professionals to pass on ownership interests in a fair and tax-advantaged way that is in keeping with your wishes.

We will work with you and your advisors as you structure buy-sell agreements that outline the terms of transfer and we may suggest life insurance options that may determine liquidity for share buyouts. In the event of your unexpected death, a succession plan can preclude a forced sale and help so that your business continues to operate with minimal disruption the way you intended.

3.3.4. How Can I Exit My Business And Realize Its Value While I'm Still Around To Reap The Rewards?

Your business succession plan may call for the outright sale of your business. Your FMG advisor can work with FMG Capital Markets, LLC to offer you the knowledge you need to realize your company's full value. Our team can help you value your company, identify potential buyers, coordinate the bidding process and take the deal to closing. Once you receive the proceeds, your FMG advisor can help you with financial solutions that can potentially minimize taxes and help you preserve your wealth.

3.4. Charitable Gifts

Among our clients with significant assets, charitable giving is frequently emphasized as one of their most important financial goals.

As part of your wealth management strategy, we can help you develop and achieve goals reflecting your philanthropic interests and integrate your charitable giving into your financial plan.

3.4.1. Charitable gifts may result in significant tax advantages

Your charitable contributions may result in substantial tax savings, as certain types of charitable gifts are not subject to estate or gift tax. In some cases, such gifts may also generate an income tax deduction. We can help you explore many ways to give to the causes that are important to you. In addition to outright gifts, it is possible to divide gifts

between individuals and charities through certain types of trusts.

3.4.2. One alternative that offers dual benefits is the Charitable Remainder Trust.

By establishing such a trust, the grantor can, in some cases, enjoy a charitable deduction as well as receive a stream of payments based on a fixed dollar amount or a fixed percentage of the trust value. At the grantor's death, remaining trust assets are distributed to the charity or charities named as beneficiaries. Charitable lead trusts and certain other types of trusts may also be used as part of your gifting and estate plan.

3.4.3. A private foundation is a tax-exempt charitable organization that can be created during your lifetime or at your death.

Typically, an endowment is created and managed by the foundation, which makes charitable gifts from the endowment. Assets are contributed to the foundation which operates as a charitable fund, from which distributions are made to public charities in the form of grants. You have the option of serving as a trustee of the foundation, which allows you to have a voice in the recipients of distributions. Establishing a private foundation is an effective way to create a unique and long-term personal legacy.

3.4.4. The Fund for Charitable Giving ("The Fund") is a tax-exempt public charity that maintains donor-advised sub-accounts and invests its assets in four investment pools.

Income is automatically reinvested and appreciation credited to your gift until it is distributed. You can choose the recipients for your gifts or select one of The Fund's four Fields of Interest--The Arts, Medical Research, The Environment or Human Services--to receive your donation. Donations can be made in your name or anonymously, and we handle all administrative details in the process, including tax documentation.

Contribute assets when it makes the most sense, gain an immediate tax deduction, avoid capital gains, and advise us later about the recipients of your gift. By providing the flexibility to spread your gifts over time, The Fund helps you "manage" your philanthropy, simplify your giving, and allows you to optimize the timing of your tax benefits while still maintaining a consistent level of support. You can also set up a memorial fund, a disaster relief fund, or other types of special-purpose funds.

Through FMG Wealth Management, you can work with professionals who specialize in developing and implementing philanthropic strategies as part of the planning process. FMG can help you make your charitable giving plans a reality.

3.5. Stock Option Planning

FMG Wealth Management can help you maximize the value of your stock options - we simplify a complicated process and help you extract the maximum value from your options.

3.5.1. It is becoming increasingly popular for companies to award stock options.

Senior executives, in particular, as apart of their employee compensation can accumulate large positions in company stock options. Indeed, many senior executives may find that a

significant portion of their wealth is tied up in options, which may pose more risk than they are willing to bear.

3.5.2. A stock option gives you the right to purchase a certain number of shares in a company at a fixed price for a specified period.

Most options are either incentive stock options (ISO) or nonqualified stock options (NQSO). Incentive options that meet certain tax requirements entitle the holder to favorable tax treatment. For example, the option spread may be taxed as capital gain rather than as ordinary income. Such options can only be held by company employees. NQSOs are treated as ordinary income at the time of exercise.

3.5.3. Many factors can influence the value of your options

Making the decision if and when to exercise can be difficult. Your FMG financial advisor can determine the value of your options and discuss a broad range of alternatives for planning your option strategy and reducing your exposure to concentrated positions in one company's stock.

3.5.4. At FMG Wealth Management, we simplify a complicated process and help you extract the maximum value from your options.

3.6. Family Wealth Planning

At FMG, we work to know you and your family and to understand your values and the things that are important to you. Wealth affords many opportunities, but it can also create enormous challenges.

The more wealth your family accumulates, the more you need a comprehensive approach that will speak to the myriad choices you face in managing your wealth. Many families, like yours, with significant assets turn to FMG Wealth Management® for sophisticated solutions that help meet

the complex needs of your individual situation.

3.6.1. Helping You Establish Priorities

At FMG, we work to know you and your family and to understand your values and the things that are important to you. In crafting the financial solutions that will help confirm financial security for your family and generations to come, we look beyond numbers to focus on what's really important to you.

3.6.2. Communicating Your Values

Surprisingly, many families with significant wealth find it difficult to discuss money matters. Their wealth becomes a source of anxiety rather than pleasure. Will my children be spoiled? Will the potential of a large inheritance act as a disincentive to achievement? Will they understand the value of hard work? How should I provide for future generations? We strive to understand your history, your values and the sensitive family issues that can affect how you deal with your wealth. The relationships we develop with the families we serve last for generations, and we appreciate the topics that can cause you concern. With long experience in addressing the emotional components of wealth management, we can help you consider these issues.

3.6.3. Meeting the Spectrum of Wealth Management Needs

FMG Wealth Management offers you a comprehensive range of services to manage and enjoy your wealth. From financial planning and investment management, to trust and estate planning, trust administration, gifting and charitable solutions, we can provide the knowledge that will help confirm financial security for you today, and for future generations to come.

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