How *successful physicians and surgeons* can **build real wealth** by utilizing the same strategies pioneered by the Rockefellers.

The Abernathy Group II
Physician Family Office

Meet the Abernathy Group II Physician Family Office Management Team

Brian Luster, Principal and Manager

Brian Luster is a principal and co-portfolio manager of the Abernathy Group II. Mr. Luster joined the firm in 2000 as an equity analyst and has served on the investment committee since 2002. During his tenure, he developed "Quantimental Analysis," a process combining quantitative and fundamental value investing. He also developed Clinical Investing®, a rigorous and systematic, catalyst-driven investment process focusing on value-based fundamental analysis modeled after the FDA's famously stringent drug-approval process. These innovations have improved volatility and lowered the overall correlation of portfolios to indices while reducing Capital at Risk. Mr. Luster has contributed to articles in *Physician's Money Digest*, The American Association of Individual Investors and *The Bottom Line*. He attended NYU's Stern School of Business, earning a Bachelor of Science degree in both Finance and Economics, and has completed post-baccalaureate studies in the pre-medical sciences. Mr. Luster was named Best Investment Adviser for Doctors by Medical Economics in 2010 and *Dental Practice Magazine* in 2011.

Steven Abernathy, Principal and Manager

Steven Abernathy is the founder, principal and chairman of The Abernathy Group II. Prior to founding the firm, Mr. Abernathy joined Cowen & Co. in 1989 as a special limited partner and director of its Executive Services division. He earned a reputation as a unique professional investor who applied the art of value investing to the medical and information technology sectors. While at Cowen, Mr. Abernathy developed the Collaborative Investing® process, a nationwide network of medical and information technology investors who pool their expertise in order to identify companies with superior products, technologies and management teams. This concept is the foundation of The Abernathy Group II's investment philosophy. In 1996, he co-founded The Abernathy Technology Research Institute, formerly known as The Abernathy Leet Institute for Financial Research, a registered broker-dealer. Prior to Cowen, Mr. Abernathy worked at Shearson American Express in 1982 and eventually became senior vice president of portfolio management. He is a member of the CFA Institute and the New York Society of Security Analysts. Mr. Abernathy attended Fordham University in New York on a football scholarship, earning a Bachelor of Science degree in Biology in 1979.

The way doctors handle their finances is broken.

It's crazy. Doctors on average are among the top 1% of wage earners in the United States. Yet, in our current economic climate, 50% of doctors who were planning to retire last year have had to postpone their plans for retirement.

Obviously, earning a great deal of money is no longer enough to ensure a secure future for yourself or your family members.

While most doctors live fairly comfortable lives, very few of you are generating any lasting wealth. (Of course, you are not alone. A recent survey of people worth $10 million or more showed that almost 40% still say having enough money is a constant worry in their lives.)

Here is the root of the problem: If you are like most doctors who earn in the top 1%, you are still managing your financial affairs as if you were part of the greater 99% of the population.

That's tragic, because in today's economy, pedestrian "everyman investing" typically yields mediocre returns at best and substantial losses at worst. You can avoid this trap.

How do you know if you are guilty of "everyman investing"?

If you are trying to do it yourself or are taking financial advice and stock tips from golfing buddies, or if you buy financial products from "retail" stockbrokers or money managers, you are guilty of this without even realizing it.

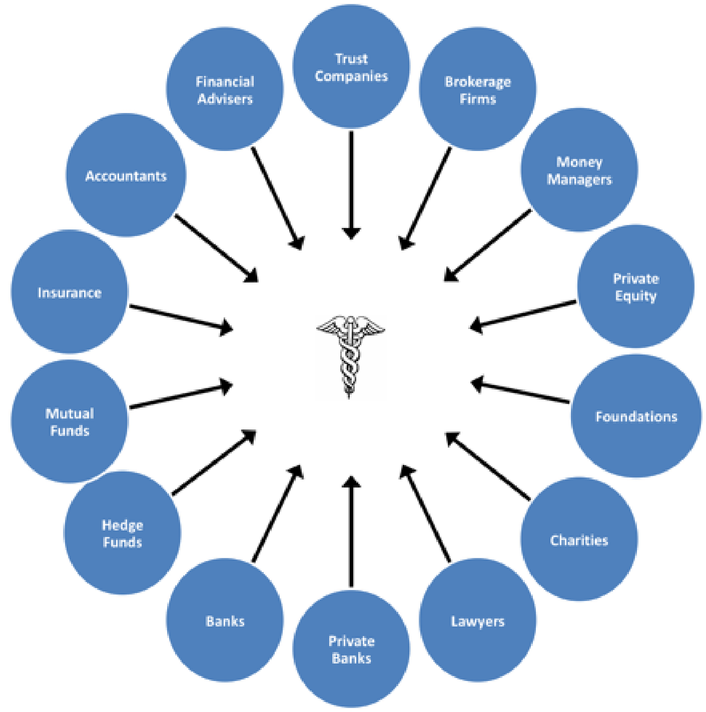
Even if you have a qualified financial planner, a personal banker, a CPA and an attorney, that is not going to get you where you need to be.

The reason is that, in this flawed model, you sit in the middle of a circle and all of "your people" revolve around you, individually vying for your attention.

Each has their own agenda and, in most cases, they are all trying to sell you something — stocks, insurance, CDs, trusts. Nobody but you has any idea of what any of the others are presenting, and nobody in this scenario has any real understanding of how one affects the other in the long run.

You, and you alone, are left to make decisions that will affect your financial future and your future wealth — often trusting the advice of someone who may not have any better understanding of what they are selling than you do.

There is a reason families like the Rockefellers have built and maintained wealth over several generations while 60% of affluent families have historically lost their wealth in the second generation, and 90% have lost their wealth by the third.



Today, you sit at the center of a circle where everyone is trying to sell you, and nobody understands how their products will affect the others... or your overall wealth.

Protect and grow your wealth using little-known strategies originally pioneered by the Rockefellers.

In this paper, we are going to discuss a system for handling your financial affairs, which is in many ways the polar opposite of what you are doing now.

We know the system works, because it has been in use since the 18th century by the world's wealthiest families. Most often, this system is thought of as being only available to the super-wealthy — people with a billion dollars or more. In recent years, the system has been opened up so that the benefits are now available to individuals with a net worth of as little as three million dollars. Taking advantage of its benefits can quickly move you out of the arena of the 99% and truly establish you among the 1%.

With a Family Office, you have an insulating layer of expert advisors to sift through all of the sales pitches and make objective recommendations to best protect and build your wealth. These expert advisors are never selling you anything.

Welcome to the world of the "Family Office" — A way to ensure you protect and build wealth.

As we alluded earlier, in many ways the Family Office is 180 degrees opposite of what you are doing now. Here is why: In a Family Office, you remain at the center of the circle. But instead of spending valuable time dealing one-on-one with the people trying to sell you the latest financial product, you now deal with objective experts who understand your family's personal goals and objectives. You are insulated from time-wasting sales pitches by a "protective doughnut," and you are sitting safely in the middle.

That "doughnut" is made up of independent financial experts whose job is to filter through all of the competing voices trying to sell you financial products and make recommendations based on what is best for your needs. They are people who are experts in finance and have no agenda to sell you anything.

There are seven distinct strategies every physician must adopt to ensure their business and financial lives are being handled effectively. As you will see, having access to experts in legal, financial, tax, estate planning and practice management — who are incented to provide the best advice available specifically for your family — will allow you to sleep at night knowing your assets are being treated as well as your patients are being treated. Let us break this down into the seven strategies you must focus on so you have a better understanding of why it works...

Strategy #1 - With the Family Office model, you are hiring independent financial experts whose incentives are aligned with your own.

The truth is that your financial planner, your broker, your banker or even a friend with an investment tip may have reasons in mind other than your best interests when it comes to offering you financial advice.

Many so-called financial advisors are no more than salesmen who make a portion of their money based on the financial products they recommend and ultimately sell to you. In many cases, they earn their commissions whether or not the investment performs to your expectations.

Before there was any real regulation, people like the Rockefellers discovered this on their own and took steps to ensure that, when they invested their money, they did it with expert research and guidance. They understood that taking advice from someone selling them something was inherently conflicted and might lead them to make decisions that were not in their best interest.

So, instead of just trusting the advice of a broker or a banker, they hired independent financial advisors to work directly for the family. These financial advisors took the time to study the merits of each investment opportunity to see how it would fit into the bigger picture and to weigh the risks for their employer.

All things a man like Rockefeller would have done for himself if he had the time.

This process of employing a staff of financial experts acting as fiduciaries and advisors, whose only job is to look out for the financial well-being of their employer, was the start of what today is known as a Family Office.

"97% of financial advisors don't have a single client worth even $5 million[1]."

Today, Family Offices still serve the very wealthy. At one time, each served an individual family, and then subsequent generations of that family. Later, Family Offices were formed to serve multiple families, which lowered the cost of hiring experts in legal, tax, investment and estate planning.

The Abernathy Group II Physician Family Office takes the Multi-Family Office concept a step further by focusing solely on serving the needs of successful physicians and surgeons.

Unlike many brokers, bankers or financial planners, Family Offices are fiduciaries and are legally obligated to serve the best interests of the client. But there is more to it than that.

[1] *Financial Planner Survey 2011*

In the United States alone, there are more than 62,000 certified financial planners and more than 1,000,000 registered securities representatives and insurance agents. The numbers are big because, again, these folks are mostly just salespeople.

Something else to consider when hiring an advisor to help you plan for the future: Financial planners on average earn less than $92,000 a year. Why is this important? Think about it for a moment. You are looking for someone to help you build ongoing wealth. Yet, the person you are trusting for advice has an income far less than your own and no audited track record.

On top of that, most financial planners have a client load of more than 200 individuals, yet fewer than 19% of these planners are managing more than $20 million in total assets[2]. This would tell us that most financial planners' experience is limited to clients with an average net worth of $100,000 or less. Just 3% of them, in fact, have even a single client with a net worth of $5 million or more[3].

There are less than 2,500 fee-only fiduciary financial advisors in the country[4]. These are the folks who make up the advisors you'll find in today's Family Offices. (And to take it just one step further, there are just a handful of fiduciary financial advisors in Family Offices that work exclusively with physicians.)

Fiduciary advisors are different from most financial planners in a number of ways. Again, fiduciary advisors are required by law to work in your best interest. They can't sell you anything, and they can't take any kind of commission for recommending a product.

But even more important, many fiduciary advisors have become Family Office advisors after a successful career managing large investment funds, while personally building significant wealth of their own. So they truly have the knowledge and experience to help you find the right investments that will create wealth and the right financial structures to protect that wealth once it is established.

But hiring an objective financial guardian who truly understands wealth building is just the first key...

Strategy # 2 – Hire people committed to your best interests.

As a high-income doctor, your time is already at a premium. You are in a demanding profession, and you are accustomed to having to pay close attention to detail.

> ***"The average financial planner has less than 9 minutes per week to devote to you[6]."***

If you had the time that's needed to devote to managing your wealth, you would approach it with the same attention to detail you give your patients' health problems.

But frankly, you are often just too busy to spot potential or current problems in your financial life. Besides, you spent many years training to be a doctor, not a financial expert.

This is another important factor as to why the wealthy make use of Family Offices. Plain and simply, the Family Office exists to provide the attention to detail your financial life needs and deserves.

In our example earlier, we were being generous. The average financial planner has a client load of 269 clients[5]. That leaves them about 9 minutes in a 40-hour work week to devote to you (if they can even get to you). And who knows how many hundreds of others your stockbroker dialed with a "hot" stock before calling you?

[2] *PFO Financial Planner Survey 2011*
[3] *PFO Financial Planner Survey 2011*
[4] *NAPFA*
[5] *CEG Worldwide LLC*
[6] *CEG Worldwide LLC*

A good Multi-Family Office offers a low client-to-employee ratio. This means they have the time to actively police your affairs, often working to spot and address challenges for you before they arise.

But it should go beyond that. You should expect your "advisors" to take a proactive interest in you. They should get to know you so well that they understand you, your practice, your family issues and your goals. They should know you so well that you can trust them to be your eyes and ears in a full range of legal, financial, business and personal matters.

In an ideal situation, your Family Office Chief Financial Officer (CFO) should only present you with ideas that have been fully vetted and have been evaluated to determine how they will affect every other aspect of your financial life.

This close relationship saves you time and enables you to be more productive by bringing you only those ideas that help you control risk and achieve your goals.

At The Abernathy Group II Physician Family Office, we believe that, at your income level, you'd benefit from working with just about any Family Office. However, we are proud to have taken the concept a step further by focusing on physicians and surgeons.

What this means to our clients is that we not only understand how to build and protect assets, we also have a deep understanding of what makes physicians and surgeons unique. Our ability to provide unique solutions for your family stems from our commitment to medical professionals and the collaboration of experts.

Strategy #3 - Achieve optimal financial outcomes through teamwork.

As we just asserted, expert advice must be well coordinated. All aspects of every decision must be taken into consideration to ensure your investments work together for your benefit. This involves teamwork, and if you don't have it, chances are your business and personal investments are not optimized.

Every piece of the puzzle needs to be evaluated and understood. When you make a decision, you should fully understand how it will affect the other parts of your financial life.

> *"Specialization in the medical fields can help your Family Office work even harder for you."*

One of the big secrets of the Family Office structure is the integration of legal planning, tax planning, estate planning and financial planning.

Bringing all of your financial experts together to discuss the effects of a financial decision on the other areas of your wealth before making a decision is key to ensuring mistakes are avoided. It also helps to ensure your assets have the greatest opportunity to work for you with maximum efficiency. You should readily find this kind of help at any Family Office.

But there can also be advantages of working with a Family Office that specializes in only one kind of client. For example, at The Abernathy Group II Physician Family Office, because we work exclusively with doctors, we have an intimate understanding of how medical practices function and how they are being affected by the changing healthcare environment.

To that end, we work with an advisory board comprised of physicians and surgeons who keep us apprised of the latest changes and developments in the current medical environment and the effects they will have on the future earning ability of the medical community.

Specialization in one area can help your Family Office work even harder for you because they understand the unique needs that are specific to your profession.

Strategy # 4 – Make sure you hire people with a deep understanding of how taxes will affect your investments, your life and your practice.

If you continue to make decisions solely based on a call from a stockbroker or insurance agent or your brother-in-law, you are going to run into trouble.

We can provide you numerous examples of physicians who tried to get their financial houses in order, but later stumbled. Their accountant or legal advisor worked with them to put together trusts and other financial structures that would protect their income from big tax bites. And then they went off on their own with an investment that gave them a big win in the short term... and put them right back into an alternative minimum tax (AMT) situation that undid all the gains they had made for the year. Not the smartest way to go. Sometimes, going for the quick win can be as bad as losing.

"The wrong investment gain can actually do more harm than good, in terms of taxes."

The very wealthy understand the amount they pay in taxes plays an important role in maintaining and building wealth. It is another reason they have come to rely on Family Offices.

Why? Because outside of the Family Office model there is very little understanding about how taxes affect the growth of your assets. Most investment research is geared toward the institutional investor and foundations, which have very different tax concerns than individuals and families.

Unfortunately, the bulk of the research that has been done for individual investors tends to relate to everyday retirement vehicles, such as 401ks and IRAs. That's why you'll find the best Multi-Family Offices have an almost singular focus on what is best for high-income taxable investors like yourself.

As your fortune grows, for example, much of your assets will be subject to short-term and long-term capital gains. And this is just one of many taxation issues that are unique to very-high-net-worth families.

Again, finding a Family Office with a deep understanding of the medical profession will help you make intelligent decisions regarding specific actions you can take to control your taxes.

And it is not just the tax laws you need to concern yourself with...

Strategy # 5 – You must Focus on protecting your assets (and your practice) from litigation and other claims.

Asset protection is another piece of the planning puzzle. Remember: If you have money, there is always someone who wants to take it from you.

Through proper planning and the use of trusts, limited partnerships and various corporate structures, you will often protect the vast majority of your hard-earned assets from creditors, litigators, malpractice claims, the government (taxes, Medicaid, etc) and even former spouses or business partners.

Within a qualified Family Office, you will find experts with the knowledge to look closely at your personal circumstances, and your ultimate objectives. Then, they will help you design a legal structure that is most likely to accomplish your financial goals.

Plus, they are available to help oversee the preparation of the legal documents to carry out the plan and ensure the various legal entities operate in accordance with the laws and your objectives.

The better you learn to protect your assets, the more assets you'll have to ensure you not only live the lifestyle you want today, but also will have generational wealth to pass on to your children and grandchildren.

Strategy #6 – You have to start planning now to ensure there is wealth for ongoing generations.

As crazy as it may sound, more than one in three people with a net worth of $10 million or more do not currently have a will or a trust and have not named a trustee or administrator for their estate. In other words, one-third of the people who have the most to lose have done little or nothing to protect their wealth for future generations.

You can't afford to be one of them. Let us give you one of the most famous examples of what can happen if you don't have the right structures in place to protect your family's assets.

In the mid-19th Century, Cornelius Vanderbilt built a fortune of over $100 million dollars (equal to $4.8 billion in today's dollars). At the time, he was the world's richest man, with more money than the US Treasury. Wanting to keep his fortune intact, he left $95 million to just one of his sons, William.

When William died just eight years later, he divided what had become a vast fortune at the time, $200 million, among all of his children.

So where are the Vanderbilts, formerly the world's wealthiest family, today? Unfortunately, rather than continue to build wealth, the next two generations spent lavishly, very quickly squandering the entire fortune, destroying what Cornelius and William had built. This is the prime example of the old-adage "shirt sleeves to shirt sleeves in three generations."

This kind of loss happens more often than it should. Earlier we told you 60% of wealthy families have lost their wealth by the second generation and 90% by the third[7]. It simply does not have to happen.

Other families, such as the Rockefellers, learned from the Vanderbilts' mistakes. With the help of their Family Offices, they put mechanisms in place to ensure each subsequent generation would benefit from the family fortune.

In reality, it is all about planning now for the generations to come. While we are not suggesting that you not enjoy your life to its fullest, the legal and financial decisions you make today should include a component that will maximize the amount of wealth to be passed along to the next generation, and to the generation after that.

But there is another key that helps to ensure all this planning takes hold...

Strategy # 7 – Take the time to educate your children about the responsibility of wealth.

Planning goes beyond just building your current wealth so you have adequate assets to pass on.

The sad truth is 49% of people with a net worth of $10 million worry that their children will grow up feeling entitled. 44% believe their children are already spoiled.

Yet, only 29% of these people encourage their children to take after-school jobs in order to understand what it means to earn what they have. Almost one-fifth have never tried to give their children an understanding of the value of money.

[7] *Beating the Midas Curse, Rodney Zeeb and Perry L. Cochell*

"1 in 5 people worth $10 million or more have not taught their children the value of money[8]."

Here is another instance where you can get help from the Family Office model. In a qualified Family Office, you will find team members with the ability and understanding to counsel and teach your children and grandchildren about investments, taxes, estate planning and philanthropy from an early age so that, when it is their turn to look after the family fortune, they will have the knowledge to do so.

We understand the process of educating children about good financial practices also means reminding them that the lifestyle they are living is at the pleasure of their parents or grandparents and if they want to continue benefiting, they need to act responsibly with the money and opportunities they have been given.

Try getting that kind of help from your financial planner, your banker or your stockbroker. It's not going to happen. It's not part of what they do.

Call us to see how these same concepts can help you.

In this white paper we have only briefly touched on the many ways wealthy individuals have learned to protect their wealth... and on how you can benefit from these techniques.

As a high-net-worth physician, you owe it to yourself to look into what a Family Office can do for today, and for your future.

We encourage you to learn more about the benefits of working with a Family Office in order to protect and grow your wealth. And if the concept is interesting to you, we also encourage you to take the next logical step and work with a Family Office that's geared exclusively to the needs of high-income doctors.

We welcome the opportunity to discuss your particular needs and to see if the breadth of services we offer at The Abernathy Group II Physician Family Office would be a good match. To arrange for a complimentary, no-obligation consultation, please call us toll-free at (888) 422-2947 or locally at (212) 293-3462.

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[8] *http://www.prnewswire.com/news-releases/many-wealthy-americans-have-done-nothing-to-protect-assets-and-are-worried-about-financial-security-family-values-according-to-largest-study-of-its-kind-released-today-53977962.html*