

## A new headquarters and a new look!

*As many of you now know, we have moved The L'Esperance Group, LLC headquarters to 1985 West Big Beaver Road. As we continue to expand, we needed a fresh look and new logo identity.*

*We appreciate your continued confidence in us and we look forward to meeting with each and every one of you in 2007. Happy Holidays to you and your families!*

## We want to hear from you.

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## Managing Your Risk: Learning the Ropes

### What is Risk Management?

#### Risk management is:

1. The process of measuring, or assessing risk and then developing strategies to manage the risk.
2. A professional discipline that protects physical, financial and human resources.
3. To help organizations and individuals understand, evaluate and take action on all their risks with a view to increasing the likelihood of their success and the reduction of failure.
4. Includes insurance, education, documentation and a variety of other means.
5. Risk prevention and the handling of risk events when they occur.

### How does it work?

Strategies employed include:

- Transferring the risk to another party
- Avoiding the risk
- Reducing the negative effect of the risk
- Accepting some or all of the consequences of a particular risk
- One example is driving a car:
- Driving a car is a risk—you can *avoid* the risk by refusing to drive, *reduce* the risk by wearing a seatbelt, *transfer* the risk by having someone else drive, or *accept* the risk by deciding to drive anyway.

### Why is it important in a person's financial situation?

1. Safety
2. Protection from legal liability
3. Better information to make decisions
4. Better asset management and maintenance

**Risk Management** is a popular buzzword these days, but understanding your risk and managing your risk become increasingly important as you progress towards your financial goals. Do you really comprehend what your risks are, and more importantly, how they affect your future?

### Examples of Personal Risk:

1. Investing
2. Impact of death and disability on our lives and family's lives
3. Health risks and the rising cost of health care
4. Lack of adequate Protection Planning (Life Insurance, Disability Insurance, Long-Term Care Insurance, etc.)
5. The business environment

## What's Next?

Creating a Complete Planning Toolbox:  
How managing your risk fits into the Complete Planning Process.



You can't successfully manage risk without taking into account and then integrating the following variables:

1. Financial planning (investment management, education planning, etc.)
2. Retirement (asset distribution, 401k, etc.)
3. Tax (personal planning, business owners' strategies, etc.)
4. Insurance (home, auto, life, disability, etc.)
5. Legal (wills, trusts, etc.)

With risk management, the Complete Planning Process we follow fits perfectly into this structure.

The 4-Step Process:

1. Discovery/Interview
2. Data gathering
3. Presentation of plan
4. Ongoing service/review

## Personal Tidbit

As many of you know, I ran my first half-marathon race the end of October-*The Detroit Free Press Marathon & Half-Marathon*. This was much more difficult than I expected, but also very gratifying. It was mostly a mental struggle to not stop running and take a breather. I'm happy to say I finished in 1 hour and 46 minutes, which is about an 8:06 minute pace per mile. I'm working my way up to the full marathon in 2-3 years. —J.B.



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# 10 Ways To Manage Your Risk

1. **Be sure your comfort level with risk is consistent with your portfolio.**  
Performance is important; however, your personal strategy must match your risk level.
2. **Review and update your estate plan every 2-3 years.**  
Why? Simply put: Things change and so must your will or trust.
3. **Coordinate your estate plan and protection plan.**  
These can work much better together and ensure that your trust is funded.
4. **Business owners:** Correlate your tax planning with your retirement planning. Make sure your CPA and Financial Advisor are communicating and on the same page.
5. **Add a personal umbrella policy to your homeowners policy.**  
The benefits far outweigh the costs.
6. **Review your personal financial plan at least once per year.**  
Again, things change and your advisor should be aware of those changes.
7. **Review your objectives at least every two years.** If your objectives are changing, you might need to update your planning as well.
8. **Make certain you're prepared for the preservation and distribution stages of your life.**  
Once you have accumulated wealth, it becomes prudent to protect and distribute your assets the way you intended. Don't wait until it's too late.
9. **Be sure your designated professionals are all working together for you.**  
Your CPA, estate planning attorney, mortgage broker, should be working as a team.
10. **Know that insurance products are there for "what ifs."**  
No one likes to purchase insurance, but we do so in case of the unknown. We have no control over when we'll need it.

## Take a Look

**Issue: Couple didn't have anyone locally they trusted and wanted to work with.**

**Unorthodox Solution:** The couple traveled from New York to Michigan to hire a trusted advisor based on a strong referral from a very good friend. This couple had some financial goals and needs that needed to be addressed, but didn't know how to start. We took them through our Complete Planning Process step by step to help them make those goals realistic. They had to put a lot of faith upfront in us and their friend, but the outcome was a complete financial plan with their goals in mind. Talk about a leap of faith!