

Pyramid Lake Paiute Tribe Financial Workshop: Trusts & Personal Budgets



Presented by: **Leilani Wilson Walkush, Senior Consultant**
Breakwater Investment Group

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Professional Overview - Leilani Wilson Walkush

- Senior Consultant with Breakwater Investment Group, an independent Registered Investment Advisor firm
- Earned a Bachelor of Science degree in Financial Counseling and Planning from Purdue University
- Earned a Bachelor of Administration degree in Business Management from the University of Alaska Southeast
- Worked with Sealaska Corporation for almost four years, in communications
- Spent four years with Denali Advisors, an Alaska Native-owned asset management firm
- Spent a year as an independent consultant, and then four years as a Financial Advisor with Merrill Lynch / Bank of America
- Have served Tribal clients across the country, with a focus on providing financial literacy
- A shareholder Sealaska Corporation, and Goldbelt, Inc. (Alaska Native Corporations)
 - Currently a Board of Director for Goldbelt, Inc.
- An enrolled member of the Central Council of Tlingit and Haida Indian Tribes of Alaska
 - Currently a Board Member for the Tlingit Haida Tribal Business Corporation
- Member of Champagne and Aishihik First Nations
- Office of Special Trustee Advisory Board member
 - Appointed by the Special Trustee and vetted by the White House
- Advisory Board Member for The Indigenous Institute

U.S. Tribal Economic Landscape

- 500+ Federally-recognized Tribes in US
 - 200+ operate casinos
 - 75+ provide some type of per capita
- all surveys/studies show Native Americans are below fellow citizens in terms of:
 - Education
 - Income
 - Charitable Receipts
- Financial literacy can play a critical role in helping individuals and communities achieve their goals/dreams in the future.

Financial Literacy - Defined

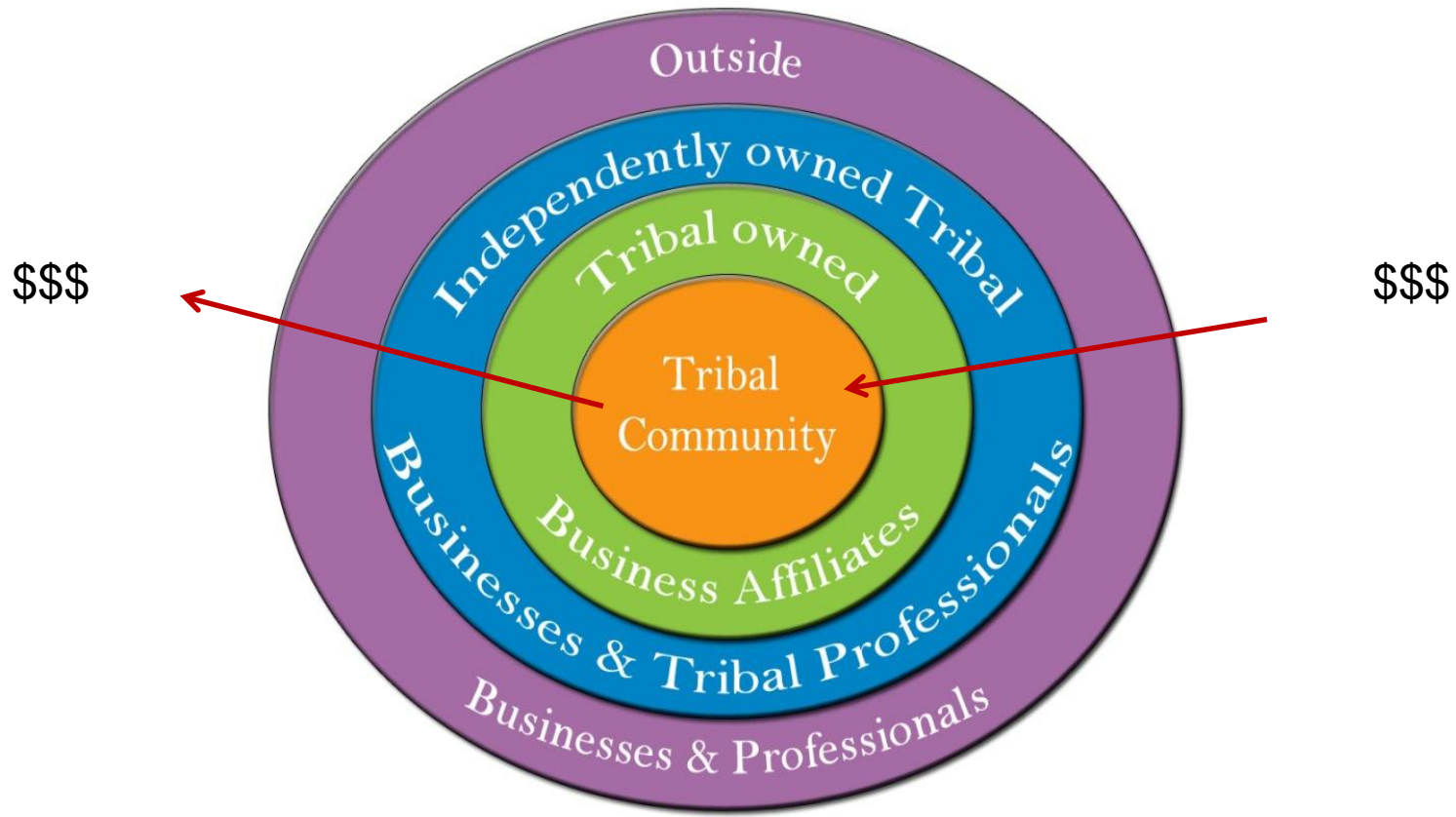
- Financial literacy is the ability to understand how money works in the world:
 - how someone manages to earn or make it,
 - how that person manages it,
 - how he/she invests it (turn it into more) and
 - how that person donates it to help others.
- More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources.

Financial Education Curricula

- Created by Natives for Natives – FREE!

- First Nations Development Institute -
<http://www.firstnations.org/> - click on Knowledge Center
 - Building Native Communities is a culturally focused financial education program that helps Native people build on their knowledge to develop personal financial skills, while embracing Native traditions and values
 - Online curriculum: www.investnative.org
 - Train-the-trainer program offered throughout the year
- Natives in the Bank
- Form a youth team to participate in the Tribal Exchange Stock Market Game www.tribalexchange.org (NCAI)

Strengthening Tribal Communities – Through Economic Self Reliance

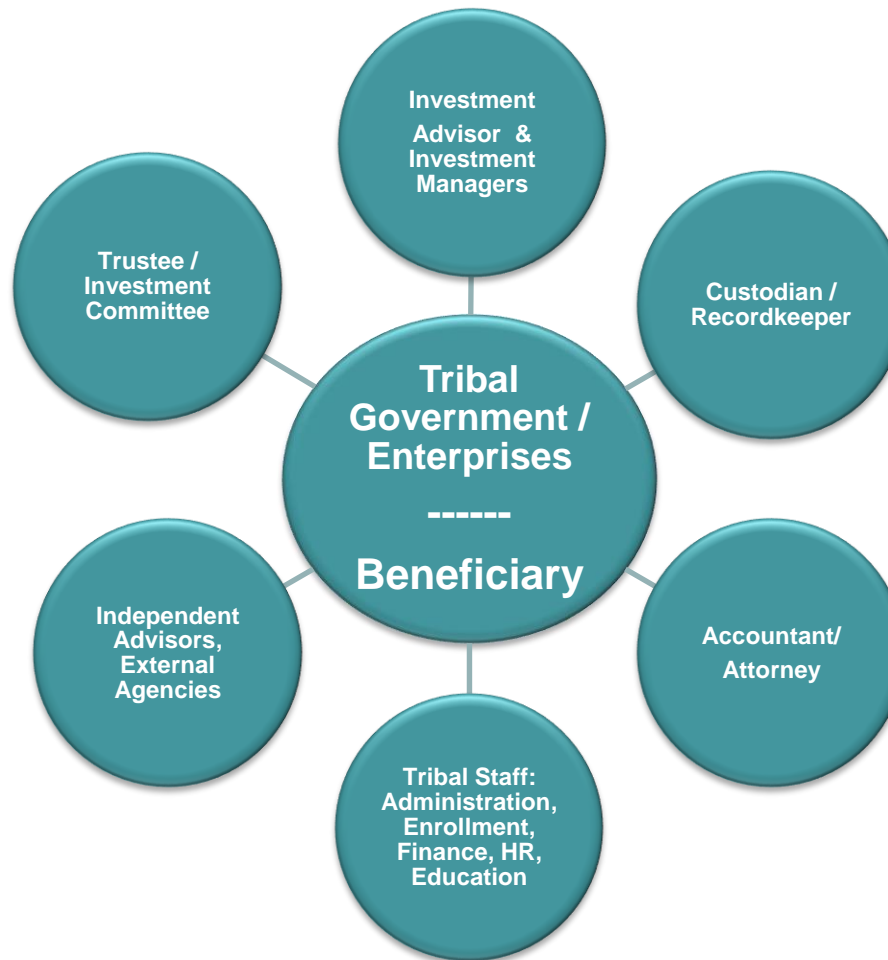


Financial Service Team & Fees

Who pays for all the fees? The Tribe or the Beneficiaries, or a combination?

How do you track and manage all the fees so they are reasonable?

Do service agreements comply with your Tribal constitution and other governing documents?



Who is a fiduciary? Are they properly trained, are they performing their duties?

Who monitors fiduciaries? What are the consequences of failing to meet fiduciary requirements?

Customized Administration & Operation

- Oversight
 - Trustees – the Tribal Council
 - Approve / Name Authorized Signers on Accounts/Documents
 - Investment/Enrollment Committee
- Governing Documents – EDP, Trust Agreement, IPS
 - Guides all activity & tax treatment
- Accounts
 - Pooled account for all Minors beneficiaries
 - Grouped by beneficiary age: 0-10, 11-13, 14-16, 17-18, 19+

What is a Fiduciary?

- A fiduciary is a legal or ethical relationship of trust between two or more parties. Typically, a fiduciary prudently takes care of money for another person.
- A fiduciary duty is the highest standard of care at either equity or law. A fiduciary is expected to be extremely loyal to the person to whom he/she owes the duty (the "principal"): he/she must not put his/her personal interests before the duty, and must not profit from his/her position as a fiduciary, unless the principal consents.

■ From Wikipedia

Standards of Fiduciary Conduct

- When you become a fiduciary, you are deemed an immediate expert
 - Can appoint experts to assist in fulfilling fiduciary responsibilities
- Fiduciary terms are indefinite:
 - They serve until removed or resign
 - Council term expiring, termination of employment or retirement does not remove an individual as fiduciary
- Fiduciary responsibilities are subject to standards of conduct:
 - Acting solely in the interest of principals and their beneficiaries;
 - Acting with the exclusive purpose of providing benefits to principals and their beneficiaries;
 - Monitoring for reasonable expenses of administering the trust;
 - Carrying out duties prudently;
 - Diversifying trust investments; and following the trust documents.

Investment Objectives & Inflation



Item	1980	Today
First Class Stamp¹	\$0.15	\$0.46
Time Magazine (Cover Price)²	\$1.25	\$4.99
Loaf of Bread³	\$0.52	\$1.41
Average New Car⁴	\$7,571	\$30,659
Average New Home⁵	\$64,600	\$271,600
4-Yr Public College Education (Including Tuition, Room, and Board)⁶	\$2,550	\$15,918

Notes:

¹As of June, 2013

²Cover Price, June 2013

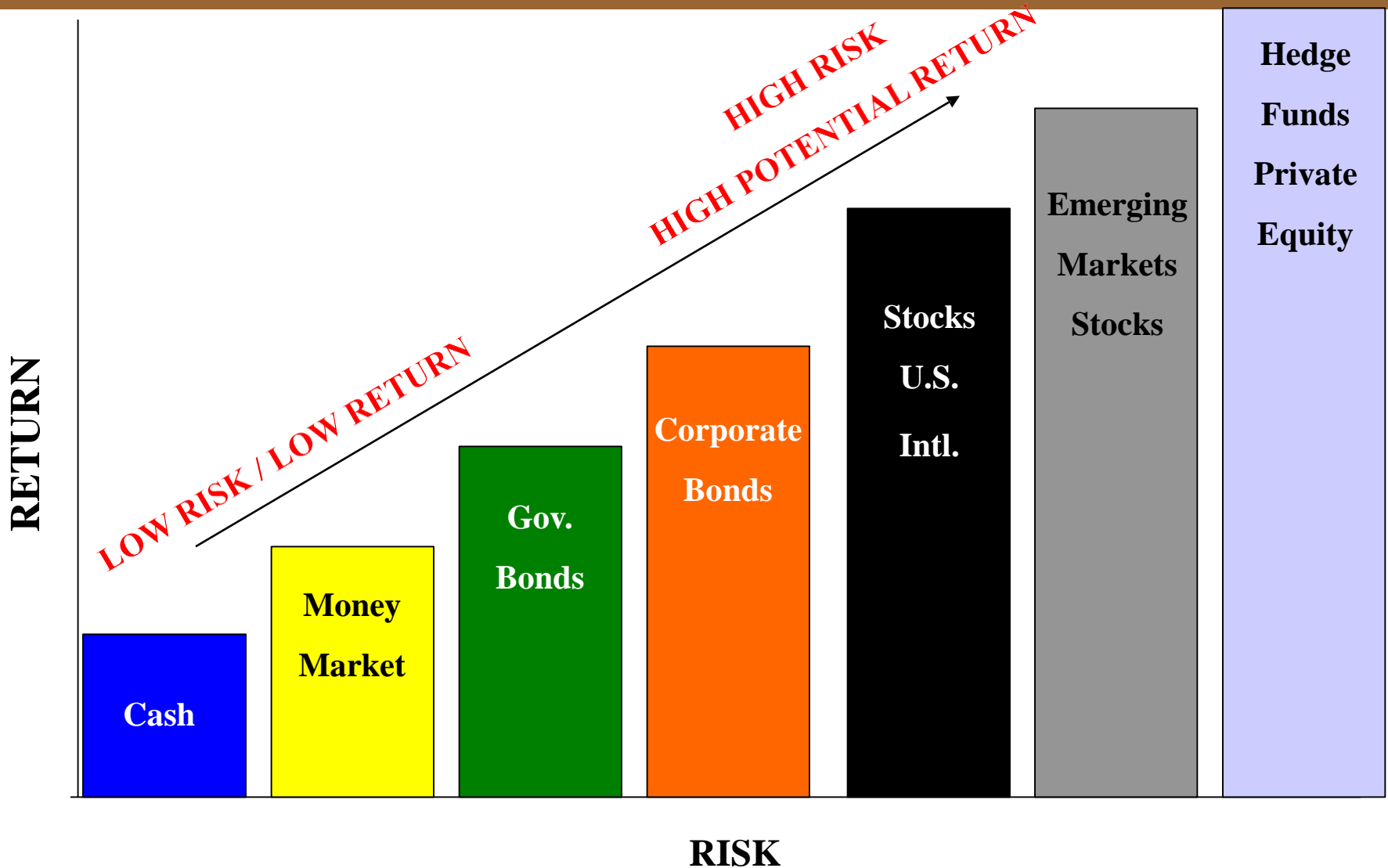
³US Bureau of Labor Statistics, April 2013

⁴National Automobile Dealer's Association, December 2011

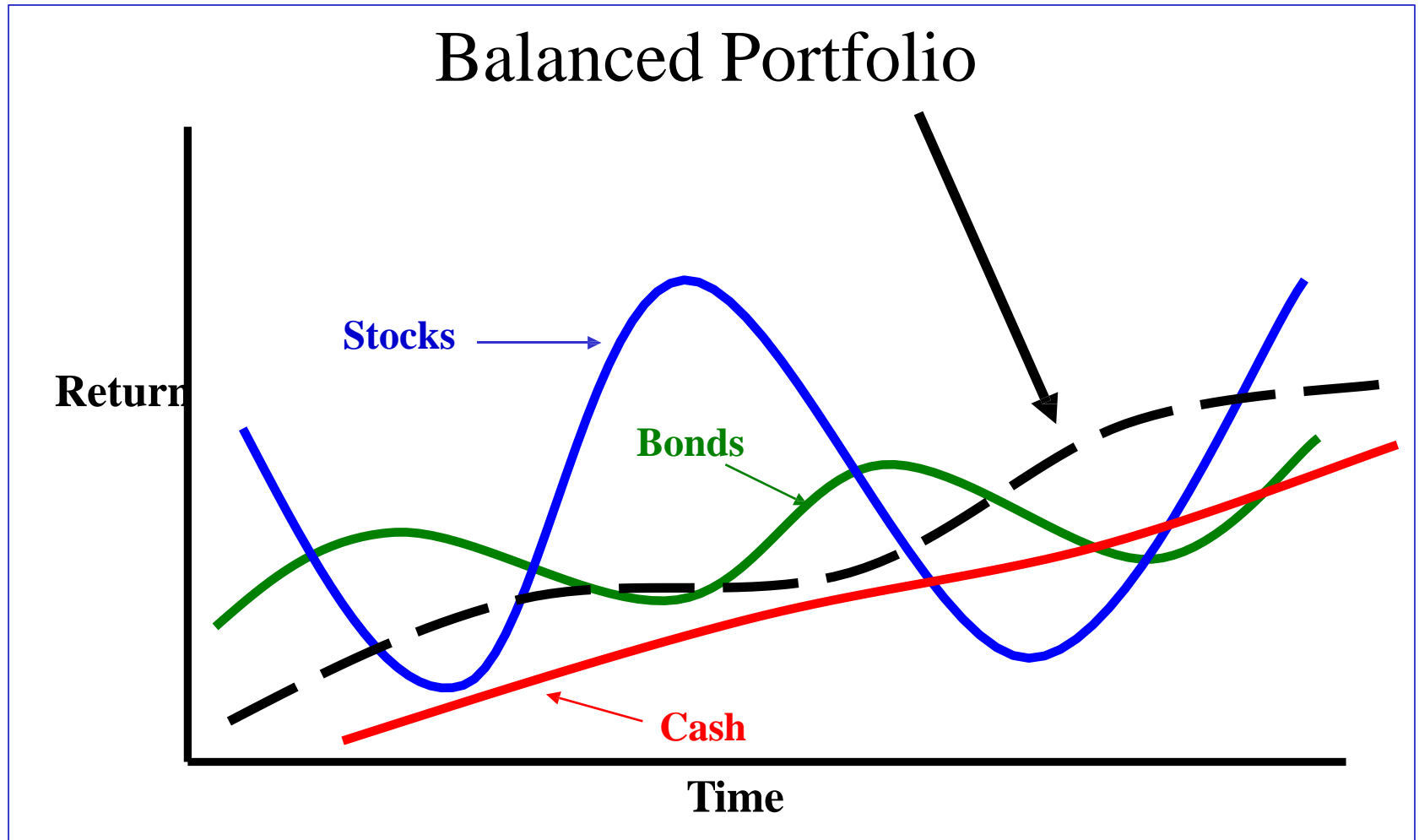
⁵US Census Bureau, April 2013

⁶National Center for Education Statistics, 2010

Risk vs. Return



Diversification – Critical for Success



Financial Benefits of Saving Early

	Mary	Tim
Age when started saving/investing	19 years old	26 years old
Yearly investment	\$2,000	\$2,000
Total years invested	8	39
Total invested	\$16,000	\$78,000
Years earning interest	46	39
Value at age 65	\$1,035,000	\$833,135
Minus investment	-\$16,000	-\$78,000
Net Earnings	\$1,019,000*	\$755,135*

*Assumes a 10% annual return, does not take into account taxes and fees, and is used for illustrative purposes only. Your own individual investment performance will vary with market conditions.

Financial Benefits of Higher Education

Education Level	Average Salary*	10 years	20 years	30 years	40 years
No HS diploma	\$20,724	\$207,240	\$414,480	\$621,720	\$828,960
High School diploma	\$34,373	\$343,730	\$687,460	\$1,031,190	\$1,374,920
4-year degree	\$62,188	\$621,880	\$1,243,760	\$1,865,640	\$2,487,520
Advanced degree	\$95,309	\$953,090	\$1,906,180	\$2,859,270	\$3,812,360

40 hours per week = 2,080 hours per year.

40 years = 83,200 hours worked!

No HS diploma ~ \$10/hr.

4-year degree ~ \$30/hr.

HS diploma ~ \$17/hr.

Advanced degree ~ \$46/hr.

* Figures from National Endowment for Financial Education. From BNC, FNDI.

Receiving Money from the Tribe

- Common Financial Benefits from the Tribe
 - Minor's Trust
 - Per Capita Payments
 - Settlement Funds
 - Scholarships and other benefits
- Obligations owed when receiving these benefits
 - Taxes to IRS
 - Reporting to Tribe
- Not always guaranteed, be sure to earn income

The Power of a Penny Doubled

- If you were offered the total amount of one penny doubled each day for one month or a million dollars cash right now, which will you choose?

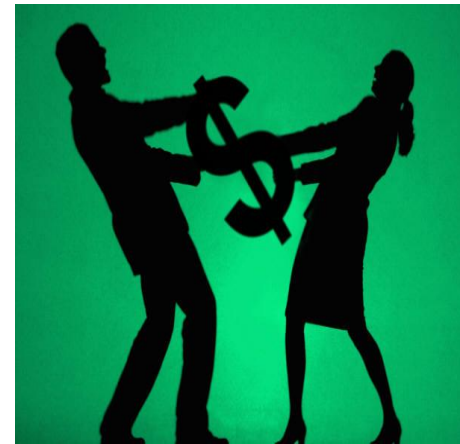
Day 1 - \$.01
Day 2 - \$.02
Day 3 - \$.04
Day 4 - \$.08
Day 5 - \$.16
Day 6 - \$.32
Day 7 - \$.64
Day 8 - \$1.28
Day 9 - \$2.56
Day 10 - \$5.12

Day 11 - \$10.24
Day 12 - \$20.48
Day 13 - \$40.96
Day 14 - \$81.92
Day 15 - \$163.84
Day 16 - \$327.68
Day 17 - \$655.36
Day 18 - \$1,310.72
Day 19 - \$2,621.44
Day 20 - \$5,242.88

Day 21 - \$10,485.76
Day 22 - \$20,971.52
Day 23 - \$41,943.04
Day 24 - \$83,886.08
Day 25 - \$167,772.16
Day 26 - \$335,544.32
Day 27 - \$671,088.64
Day 28 - \$1,342,177.28
Day 29 - \$2,684,354.56
Day 30 - \$5,368,709.12

Identify/Set Personal Goals

- What are your short-term goals (less than one year) and how do you intend to achieve them?
- What are your mid-range goals (from one to five years) and how do you intend to achieve them?
- What are your long-term personal goals for the rest of your life and how do you intend to reach them?

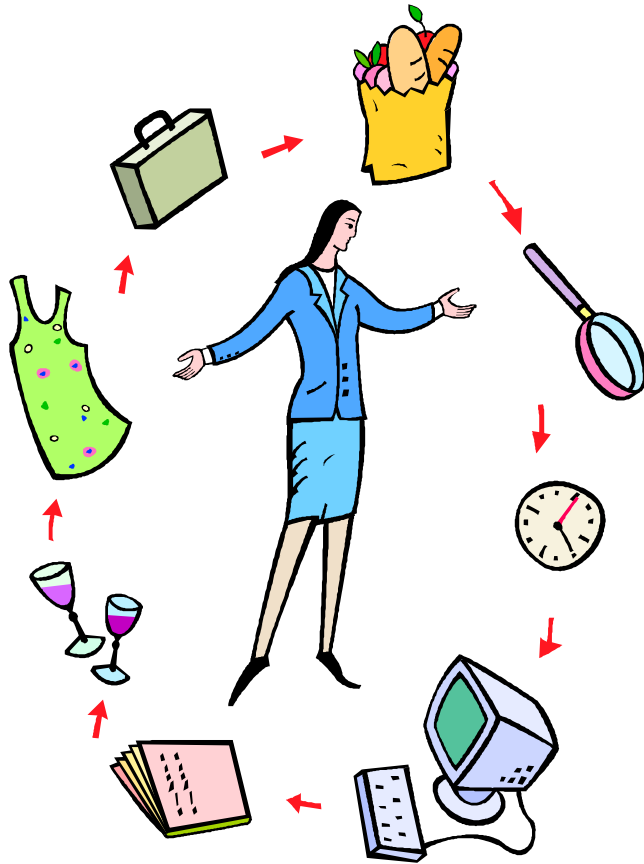


- For each goal, determine the cost, and how you plan to pay for it.
- Do your goals compete with other family member goals?

Understanding Cash Flow

- What sources of income do you have?
 - What is the frequency – monthly, quarterly, yearly?
- What are the expenses you have?
 - Living expenses: housing, food, utilities, etc.
 - Transportation expenses: car, insurance, gas, etc.
 - Other expenses: attire, entertainment, gifts, etc.
- Do you have enough to pay for the things that you need, when you need them? If not, how do you manage? What about the things you want?

Time Management



- Managing your time is another important aspect of meeting your goals, including financial goals.
- There is always too much to do and not enough time to do it all.
- Set aside time to create a plan and monitor your progress - make it a priority.

For Additional Information, Contact:

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