



A Strategic Financial Planning & Advisory Firm for Creating & Managing Wealth

Mary S. McMahon, CFP®, RICP®,  
CERTIFIED FINANCIAL PLANNER™ Professional, Retirement Income Certified Professional  
214-803-4361, 214-521-3005-fax  
mary@msmadvisory.com, [www.msmadvisory.com](http://www.msmadvisory.com)

# Wealth Coordination Account

## What is a Wealth Coordination Account?

Simply stated, a Wealth Coordination Account (WCA) is a segregated checking account. You should properly establish and distinctly label this account (e.g., John and Mary Doe WCA). Preferably, the WCA should have the ability to deposit and withdraw funds via electronic transfer.

## What is the purpose of a Wealth Coordination Account?

First, COORDINATION. Primarily, a WCA is established to prevent commingling of funds – the most common flaw in the wealth accumulation process. The only transactions to flow through your WCA are those relating to your financial plan, i.e., those listed in your PROTECTION, SAVINGS & GROWTH (PS&G) CASH FLOW components.

All inputs to your investments are best handled through a WCA. The funds from the PS&G components will also pass through the WCA when transferred to another component. This process is called coordination.

Second, the WCA serves as an exclusive financial register for REVIEW purposes. A permanent record of all financial transactions is established for tracking the “Wealth Coordination-recovery” process. Your WCA will log transactions and provide documentation for present and future tax considerations (e.g., cost basis, investment expenses, etc.).

## When should a WCA be initiated?

A WCA should be initiated early in your planning process. Establishing a WCA is one of the first steps to take toward implementing your plan and obtaining financial success.

## What are the benefits?

1. Completely segregating funds. Dollars for savings and investments are held separately and not commingled with vacation funds, emergency funds, and spending money.
2. Documenting all transactions, with a monthly account statement.
3. Carrying your financial case history forward year to year, providing accountability during periodic reviews.
4. Serving as a transaction clearinghouse. None of your wealth is spent unknowingly and therefore is less likely to be misappropriated.

## How to Set Up Your Wealth Coordination Account

1. Your WCA account must be a checking account (non-interest bearing or interest bearing) and must be capable of handling direct deposits and automatic drafts (electronic funds transfer).
2. The account should be titled with your name followed by “WCA” to differentiate it from your other accounts. For example “John & Mary Smith, WCA.”
3. Talk to a customer service representative at your banking facility to determine what type of account will best suit these requirements.

## What Should You Deposit Into Your Wealth Coordination Account?

- Interest formerly compounded
- Dividends formerly reinvested
- Short-term capital gains formerly reinvested
- Long-term capital gains formerly reinvested
- Recovered tax savings
- Savings from lower deductibles
- Recovered term premiums
- New Money created by bonuses, additional income
- Savings from debt elimination
- Savings from debt consolidation
- Tax refunds
- Savings from W2 (tax) adjustment
- Dollars already allocated for life insurance premiums
- Life insurance policy loan proceeds
- Investment “paydowns”

## What Will Be Drafted/Paid From Your Wealth Coordination Account?

- Life Insurance premiums
- Disability income insurance premiums
- Investment opportunities
- Stocks
- Bonds
- Mutual Funds
- Real Estate
- Collectibles
- Variable Annuities
- Life insurance policy loan repayments