

The TROT Financial Planning System

*A New Way to
Relate to Money and
Establish Total Financial
Governance*

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INTRODUCTION

I wasn't considering a career in the financial industry, but an old family friend who was then a senior vice president at a large national bank convinced me, and I gave it a try. Since then, almost 40 years ago, I have never looked back. I began as a junior marketing and credit manager for the corporate group at a multinational bank in Colombia, South America. I started selling financial products right from the beginning, got initiated by studying credit and marketing at the same time, and developed as a banker for over 15 years. I occupied multiple positions in different capacities, but in all instances, I interacted with people. And, most important, I interacted with people on every aspect of managing money.

Organizing money from different angles helped me look at it from multiple perspectives. I learned to visualize individuals' difficulties in their relationships with money, which caught my attention. I lived in different cities and worked in a couple of countries. Initially, the people and places looked different. But eventually, I noticed similar patterns among everybody, no matter where they were from or what type of individual they were. I soon realized that certain prevalent factors affect how people relate to money. These initial 15 years of observations gave me great insights into the composition of those factors.

I then came to the United States and worked again in financial sales, initially with Merrill Lynch. I got a Series 7 license and found myself selling stocks, bonds, and options to affluent individuals. My initial understanding of the U.S. was that people here were much wealthier than people in other countries. But I then realized that no matter how much money people had, their relationship with money was the same. So, I started studying the critical elements of the relationship between individuals and money. I got my insurance license, already having my Series 7 and 66 licenses, and then I earned my CERTIFIED FINANCIAL PLANNER™ Certification. After that, I got a master's in financial planning before getting a master's in financial analysis.

At the same time, I studied and worked in my company, which I still own and run today. It is a field marketing organization whose job is to recruit and train people to be insurance agents. One of the questions that perplexed me was whether financial planning was worth it or not. Does one need to learn and apply financial planning to become wealthy? I decided to study this issue, so with honest curiosity, I went for my Ph.D. in personal financial planning. I wanted to see if financial planning concepts could change one's life. I still need to clarify the answer, but I have dedicated the last 20 years to helping people understand their relationship with money.

Whenever I took a course to develop my credentials and designations, I would turn around and provide that information to the people and insurance agents I was working with. I was trying to help them become better insurance sales professionals and financial advisors for their clients. Through this process, I developed the TROT financial planning system and the concept of Total Financial Governance. I wanted to give ordinary people practical guidance and specific instructions on what they needed to achieve financial realization.

It was even more important for me to *develop* a methodology to help people control their life journey as much as possible via

ABOUT THE AUTHOR

Since 1985, Alvaro Alonso Castellanos has worked, developed, and participated in the sale of financial products through distinct channels, including banks, broker-dealers, independent shops, and as the president of Premier Insurance Contracts, Inc., a field marketing organization (FMO) for some of the largest insurance companies in the country.

Castellanos has had an insurance license since 1999 and a CFP® Certification since 2009, and he held a Series 7 license at one point. Academically, Castellanos has earned the following:

- Bachelor of Science in Industrial Engineering (University of Pittsburgh)
- Master of Science in Personal Financial Planning (College for Financial Planning)
- Master of Science in Financial Analysis (College for Financial Planning)
- Completed Ph.D. studies in Financial and Retirement Planning (American College of Financial Services)

Castellanos has been instructing insurance agents in continuous education classes since 2009, while also providing financial literacy courses to individuals and families. His philosophy of education is

that the process and the knowledge acquired must directly benefit the individual receiving it. Each individual is unique, but the common denominator must be that the added value received makes each one better. In teaching, he believes he needs to create an environment that will facilitate student growth.

As an educator, Castellanos aspires to serve as a guide, counselor, and problem solver who will provide his students with concrete, hands-on activities, initially in a controlled environment and progressively expanding into the real world, where apprentices apply the knowledge developed.

Element Dimension Attributes Positions Chart

Element dimension attributes positions chart as described in the book. Remember that all dimensions can hold their hierarchy permanently or change during the product or service life cycle. The table is then an image of an instant not fixed in time. It reflects the complexity of a financial product and the dynamics in our relationship with money.

Component	Element	Title	Ownership	Risk & Return	Taxes	Time
2		Risk Management				
2	3	Life Insurance	Dominant	Dominant	Dominant	Dominant
2	4	Health Insurance	Subordinate	Dominant	Dominant	Subordinate
2	5	Medicare Options	Subordinate	Absolute	Subordinate	Subordinate
2	6	Auto and Homeowners Insurance	Subordinate	Absolute	Subordinate	Subordinate
2	7	Long Term Care and Disability Income	Subordinate	Dominant	Subordinate	Dominant
3		Cash Flow Management				
3	8	Budgeting	Subordinate	Absolute	Dominant	Subordinate
3	9	Time Value Analysis, Cash Reserves & Equivalents	Subordinate	Dominant	Subordinate	Dominant
3	10	Managing Credit & Debt	Dominant	Dominant	Dominant	Dominant
3	11	Tangible Assets & Home Financing	Subordinate	Subordinate	Dominant	Dominant
4		Taxes & Investments				
4	12	Tax Structures & 1040 Optimization	Dominant	Subordinate	Dominant	Dominant
4	13	Annuities	Dominant	Dominant	Dominant	Dominant
4	14	Stocks, Bonds, & Mutual Funds	Subordinate	Dominant	Subordinate	Dominant
4	15	Risk & Return, MPT, IPS	Dominant	Dominant	Dominant	Dominant
4	16	College Education Financing	Subordinate	Dominant	Subordinate	Dominant
5		Retirement Planning				
5	17	Social Security	Subordinate	Subordinate	Dominant	Dominant
5	18	IRA's & Roth IRAs	Dominant	Dominant	Dominant	Dominant
5	19	401k, 403b, SEPs, & Corporate Plans	Subordinate	Dominant	Dominant	Dominant
5	20	Retirement Income & Distribution Strategies	Subordinate	Dominant	Dominant	Dominant
6		Estate Planning				
6	21	Estate Planning Techniques	Dominant	Subordinate	Dominant	Subordinate
6	22	Wills, Trusts & Other Legal Documents	Dominant	Subordinate	Dominant	Subordinate
6	23	Optimal Financial Realization	Dominant	Dominant	Dominant	Dominant