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Unequal Treatment In Wills: A Little Caution by Noel Bennett

Creating an estate plan and drafting one's will can be a dry and boring process made worse by the fact that it involves facing our own mortality. As a result, it is often relegated to the last item on our to-do list. The article that follows addresses estate planning from what we believe is an interesting and valuable perspective — that of family dynamics and how they are affected by inheritance planning. Some of the issues the author discusses are emotionally loaded, and he uses strong words that are thought-provoking and may stir up some vigorous disagreement. I have witnessed first-hand some of what he writes about and can attest that the provisions a parent, stepparent or grandparent create in a will may have lasting results that reverberate down through the generations in unintended ways. The author of the article is an elder law attorney who has an obvious bias towards dealing with children equally and fairly; he views penalizing or punishing them by unequal treatment or even disinheritance as creating "a lasting legacy of hurt and rejection," and he's right. It may also create a permanent imbalance among siblings and their offspring that forever alters the all-important bonds of alliances and affections that form a family's structure, especially if an ongoing business is involved.

Family is truly the gift that keeps on giving.

We live at a time when problems that used to be swept under the rug or not discussed in polite society are now out in the open: divorce and remarriage, former spouses, natural vs. stepchildren, handicapped or addicted offspring, etc. All are issues that have been with us since the beginning of civilization, but they must now be dealt with when creating an estate plan. Openly acknowledging and discussing them in quiet, wood-paneled law offices that serve the needs of the well-to-do is nothing new. But rapid change has become a constant at every level of the socioeconomic scale, and it has had profound effects on what used to be known as "the family unit." This has added considerable uncertainty to passing on assets such as stocks, real estate partnerships and family businesses. The author of the article that follows stresses that long after the assets have been transferred to the following generations and the wealth has been preserved, or just as likely, diminished, the family endures. Part of our mission in working with an estate attorney is to recognize that careful planning, executed with fairness, tolerance and flexibility, will pay its own unique dividends down through the decades, long after our own passing.

18 Recommendations for Minimizing Inheritance Conflict by P. Mark Accettura, Esq.

P. Mark Accettura, Esq., is an elder law attorney at Accettura & Hurwitz, Farmington Hills, Michigan, and author of "Blood & Money: Why Families Fight Over Inheritance and What to Do About It" (Collinwood Press, 2012). Find out more at www.aaii.com/authors/mark-accettura.

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Company Profile: Weight Watchers International by Terry Robinette

Peak believes that Weight Watchers International (WTW) is well positioned to benefit from the heightened focus on reducing obesity and its associated health risks. According to the Center of Disease Control website, close to 36% of Americans were considered obese in 2009-2010. Obesity is a major contributor to the rising cost of health care. On average, medical costs for an obese person are 50% higher than for a non-obese person (including treatment of Type II diabetes and hypertension). WTW has a proven strategy of combining life style changes with appropriate dieting to effectively address these challenges. Along with its traditional retail/individual business, WTW is developing relationships with employers, insurance companies and healthcare providers, offering its weight management solutions to employees and patients. The savings to businesses, in terms of improved productivity, reduced insurance premiums and health care costs, make the collaboration with WTW extremely attractive. Many large corporations have already begun to subsidize employee enrollment fees. In addition, insurance companies and government programs are beginning to promote and pay the fees associated with WTW's programs as they aim to reduce the prevalence of chronic diseases.

WTW offers a complete weight management program that includes diet plans, exercise plans and a support group. Clinical studies and data have shown that consumers who attend Weight Watchers meetings tend to lose more than those who diet by themselves. Each member has a program that combines nutritional, exercise and behavioral aspects, using a simple point system based upon a proprietary formula that incorporates a food's protein, carbohydrate, fat and fiber content. Members are given a "point budget" each week along with techniques and exercises to help them reach their target weight.

WTW's historical financial trends have been very positive with mid-teen sales and earnings growth, net margins of greater than 15% and strong free cash flow. The Company operates primarily in the United States (69% of 2011 revenue), UK (11% of revenue), Continental Europe (13% of revenue) and Australia (7% of revenue). WTW's revenue breakdown includes meeting fees (54% of sales), a fast growing online business (22% of sales), product sales including snacks, books, CD-Rom and points calculators (15% of sales), and franchise royalties (8% of sales). WTW has an interesting ownership structure, with 52% of its common shares held by the New York based private equity firm Invus. Invus purchased WTW thirteen years ago from H.J. Heinz and organized its IPO in 2001. Today, the firm retains a controlling stake and has five seats on the board, including the Chairman. Invus has publicly stated that it supports WTW, as well as its other investments, in three distinct areas: strategic insight, patient capital and execution.

After reaching a high of almost $83 this past spring, Weight Watcher's stock price has retreated almost 40% at the time of this writing and currently trades at a compelling valuation. The price decline followed the announcement of disappointing earnings and lower 2nd half 2012 guidance. The issues surrounding this disappointment included tough comparisons against a strong 2011 enrollment season, weakening consumer spending and execution problems in the small business segment. Management has taken the necessary steps to address these issues, including a new marketing campaign with spokesperson Jessica Simpson, continued remodeling of retail outlets and adjusting its initiatives and management in the new Business to Business (B2B) segment. These short term execution missteps and difficult comparisons have provided an opportunity to purchase a market leader in a fast growing industry at a reasonable valuation. Weight Watchers stock is currently trading at a price-earnings multiple of 12 times on depressed 2012 estimated earnings. We believe the company's new initiatives will provide the catalyst to jump start both revenue and earnings growth in 2013. This story is not without risks — continued economic pressure on the consumer, a potential disappointing marketing/advertising campaign and and/or the inability to capture the potential growth of the B2B market. However, we do believe most of these risks are discounted in the stock price.

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