

# Annual Service Checklist

Enjoy knowing your affairs in order and your family is in good shape

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Every new client relationship requires a leap of faith. The client hopes the new advisor gives sound advice and sees the family through good and bad times. The advisor hopes the family is patient through difficult markets and stays long enough to recoup the sunk cost of onboarding a new relationship.

Establishing proper expectations for the client experience will help create long lasting, gratifying relationship.

## Regular review cycles

Formal meetings should occur two or three times a year with interim updates as needed. Meetings should include a financial review and investment update. Comprehensive investment analysis and performance assessment should occur annually. More frequently is less informative and can encourage short-term behavior.

In depth discussion of some or all of the following topics should be rotated.

## Fiduciary Review

**1. Trust officer checklist.** Established families have plans that should be reviewed periodically. They should maintain a checklist of items to review annually that may include Crummey letters, disbursements, loan or charitable remainder trust payments, among others. Someone needs to keep the list and who is responsible for seeing they get done.

**2. Estate planning review.** The family holdings and structures will drive what should be reviewed. Changes in tax law and family dynamics will drive what new items should be considered and when. Keep a list of who is responsible and devise a plan to confirm completion of required items.

**3. Compliance - state, local and federal.** Before meetings check for tax law changes that may affect the family. Incorporate verification with an expert as part of the process.

**4. Continuing education.** Timely and relevant briefs should be included for further reading. Staying current on important topics is part of stewardship and must be practiced in order for succeeding generations to value and follow suit.

## Generations to come

**5. Mission statements.** Families with long-term vision want to memorialize their values and philosophies. Crafting a few sentences reflecting, “who we are and what we stand for” is a simple and remarkably fulfilling exercise. As affluence and progeny expands, so may the importance.

**6. Family philanthropy.** Whether a donor advised fund, a family foundation or writing checks an annual review of the documentation, filings, tax returns, and administrative issues is important.

**7. Multigenerational involvement** can begin as early as the teen years. Over time responsibilities should shift to the adult children. Knowing the administrative requirements is the common, if least interesting, first stage of the journey.



**8. Grant review process** can be formal or informal. Learning how to handle requests for money from friends and neighbors is a valuable life lesson. Instituting a formal grant request process, or just having a discussion about how to respond, is time well spent.

**9. Impact of past gifts.** If inclined, periodically assess the impact of gifts. The exercise introduces a discipline of measuring results that has lasting value across a multitude of areas.

**10. Investment reviews, white papers.** Exposing the family to vocabulary and investment concepts regarding the family foundation is part of stewardship development. Eventually, the family affluence will be their responsibility and having ten or fifteen years of practice increases the probability of success.

## Tax planning and compliance

**11. Tax law changes, organizational reviews.** Every year, review legislative updates and court rulings on companies, partnerships, pass-through entities and trusts. Awareness of tax implications is part of sound planning and will save money and aggravation.

**12. Budgets.** Setting and keeping budgets is a best practice that not every family sticks to. One should review cash flow needs for living expenses, tax payments, capital expenditures and charitable and investment commitments.

**13. Corporate actions.** Check that all documents are current, and minutes of meetings are recorded and filed. It is also a good time to ensure items such as electronic passwords and beneficiary designations are in good order.

## Investment Reviews

**14. Investment policy and reporting.** A deep dive on investments starts with the governing document. The investment policy statement should include responsibilities, asset allocation, risk exposure, income needs, fee competitiveness, and performance expectations.

**15. Relative performance, risk containment.** Investment management organizations change regularly and it is as important to understand why a firm performed the way it did as to know how well they performed.

**16. Internal rates of return.** Relative performance tells you how the money manager did. Internal return calculations tell you how well you did. The difference is usually attributed to the timing of cash flows. If the variance is large know why.

**17. Cash flow and year-end tax planning.** A discussion can include anticipated unusual tax incidents that merit proactivity. For example, if a new business will show early losses, gains might be harvested to offset. Similarly, specific assets such as intellectual property, partnerships, farm or energy holdings can be subject to special tax treatment.

## Risk and Insurance Review

**18. Scope and terms.** Periodically, have your insurance professional review your exposure and coverage. Know where gaps exist and avoid

overlaps. Verify the continued viability of universal life insurance policies. Checklist:

- Carrier Due Diligence
- Property & Casualty, Umbrella Liability
- Medical, Health, Long-term Care
- Cyber, Information & Online Security
- Personal: fine art, kidnapping, identity theft, aircraft, off shore, captive insurance vehicles, new concepts

Using one carrier can reduce costs, ease the claims process and coverage disputes.

## Document Roundup

Maintain a list of important documents, instructions and their location.

- Wills, trusts, tax forms, partnership, deeds
- Titles, warranties, tax returns,
- Healthcare proxies, final instructions, marriage, birth and baptismal certificates and pre-nuptial agreements

## Is this all there is?

These services apply to families of size and complexity. However, all families want confidence that their provider understands how to deliver them, should the need arise.

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