Hypothetical Case Study

This is a fictional study intended to highlight the variety of products, services and advice John Thomas delivers to clients. Dr. Ford, an Orthopedic Surgeon, is an entirely fictional character, and any similarity to any persons is entirely coincidental.

Dr. Ford was referred to John Thomas hoping to retire in five years. He had diligently saved and built a significant portfolio primarily in his practice's 401(k) Profit Sharing Plan $1,250,000, IRA $450,000, a personal brokerage account $2,000,000 and general savings $250,000. Seeking advice, he was referred to our team by one of our clients.

Below is a list of the services provided to Dr. Ford:

- **Performed Detailed Cash Flow Analysis—LifeView Financial Plan**
  - Helped in projecting cash flow on a tax efficient basis
  - Ascertained likelihood of retiring on time/early based upon cash flow and assets
  - Highlighted known and potential future expenses
  - Detailed the exact development of a retirement income "check"
  - Examined maximum annual spending capabilities
- **Portfolio Allocation**
  - Based on assessed income needs and resources available we determined an appropriate mix of assets necessary to help achieve goals
  - Ascertained the appropriate amount of bond exposure
  - Recommended instituting a "lock-box" strategy designed to assure income need is met with investment income
  - Performed portfolio stress testing to illustrate (in measurable ways) the impact certain events may have on a portfolio
- **Portfolio Management**
  - Implemented strict risk management with a sell discipline that sought to minimize exposure to negative markets (2002, 2008, 9/11, SARS Pandemic, COVID-19, etc.)
  - Developed a laddered (tax-free) bond portfolio designed to help provide income and liquidity
  - Took over discretionary management of core assets in order to effectively manage on a tactical basis
  - Implemented tactical hedging opportunities
- **Development of a Legacy Plan**
  - Worked closely with his estate attorney
  - Collaborated with his CPA in helping with efforts to reduce effects of estate and transfer taxes
  - Ensured proper titling of accounts, assets and beneficiary designations
  - Evaluated Dr. Ford's current insurance policies and determined ownership was improperly established
  - With the assistance of their estate attorney, we implemented an irrevocable life insurance trust
- **Organization of Net Worth and Ongoing Monitoring**
  - Aggregated accounts into one convenient access point online—Morgan Stanley Total Wealth
  - Created a secure area for storage of important documents
  - Maintained constant upkeep of records and financial data automatically—LifeView Monitoring

If any of the above topics affect your current or future financial situation and you would like to learn more about ways in which John Thomas may be of assistance, please feel free to send an email at john.f.thomas@morganstanley.com or *give call at 404-266-6363*.

Disclaimers

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Asset Allocation does not guarantee a profit or protect against a loss in a declining financial market.

Interest in municipal bonds is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence.

Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made. NOTE: High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

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