“Planning is bringing the future into the present so you can do something about it now.”

**Allen Lakein, Author**

Not having a thoughtfully constructed wealth plan is, in a sense, a plan—an unintended plan for taxes to significantly erode the wealth you worked your entire life to achieve.
Seeking a Path to Longstanding Prosperity

As your wealth has grown, so too has its complexities and the resources needed to manage it. At Morgan Stanley, we understand the intricacies of significant wealth, specifically, the numerous variables you must consider in managing, preserving and transferring your wealth. We have created our Wealth Planning Centers to provide the experience, insights and strategies required to help educate you on the strategies designed to grow, preserve and ultimately transfer your wealth in accordance with your wishes.

Together with your Financial Advisor, you will work directly with a team of seasoned professionals who bring a breadth of perspective that will help you understand the tailored solutions based on specialized knowledge and objectivity, and, most importantly, based on your clearly delineated objectives that our professionals will help you define.
We will begin with an in-depth conversation that goes well beyond investments to uncover and address your family wealth values. The result of our proven approach will be a comprehensive wealth strategy customized to help you:

**Strengthen**
The financial independence you have worked your whole life to achieve

**Grow and Preserve**
Your family’s wealth for generations in accordance with your vision for your family’s financial legacy

**Support**
Organizations that have made a significant impact on your life

At Morgan Stanley, we believe true wealth is not only about finances, it is about ensuring the people and causes you value most are provided for — on your terms — now and after you are gone.

Your Morgan Stanley Financial Advisor will work closely with a team of Morgan Stanley wealth planning professionals and your other trusted advisors, including your tax accountant and estate attorney, to help ensure your wealth continues to address the needs of you, your family and your favored organizations today and for generations to come.
A Diversity of Knowledge and Experience

Morgan Stanley’s Wealth Planning Centers are made up of dedicated teams of knowledgeable professionals who focus exclusively on helping Financial Advisors address the financial challenges of individuals and families with significant wealth. The benefits of working with our Wealth Planning Centers include:

Specialization

Our Wealth Planning Centers consist of some of the most credentialed professionals in the wealth planning community today. They include former trust and estate planning attorneys who strive to remain current with evolving tax laws, regulations, economic and planning developments, as well as industry best practices. While your Financial Advisor and team of Wealth Planning Center professionals do not provide tax and legal advice, they work together as a team to educate you on the specific strategies available to help meet your wealth management goals, including your risk management and philanthropic objectives.

Perspective

The diverse experience of our highly skilled professionals provides you with the perspective to fully understand the values that drive your wealth, and enables us to tailor a wealth plan that can have the desired impact on your future and your family’s financial security.
Objectivity

For a wealth plan to be successful, it must be free of bias, and customized to meet your goals. Achieving objectivity requires not only a diversity of investments and planning strategies, but a diversity of thought. The professionals at our Wealth Planning Centers are empowered to provide unbiased planning alternatives for your Financial Advisor and you to consider and ultimately select the one that can best help meet your strategic goals.

Customization

Every client situation is unique, and no situation is too general or complex. From tax-minimization strategies to trusts for complex intergenerational needs to succession planning strategies for a closely held business, your wealth planning team will work with you and your personal tax accountant and estate attorney to develop a customized plan to address your specific needs and circumstances.

Coordination

Understanding that owners of significant wealth often have a variety of long-term goals that require integrated solutions, Morgan Stanley’s holistic wealth planning approach is designed to address them in one coordinated fashion. Working in tandem with your personal tax and estate consultants, we will also offer strategy options that can provide you the flexibility you may need to adapt as your goals—or changing laws and markets—evolve over time.
Specifically, our highly skilled professionals work closely with you, your Financial Advisor and your other trusted advisors, including your tax accountant and estate planning attorney, to:

- Conduct a complete due diligence review of your current balance sheet and existing estate planning strategies
- Objectively educate you about general income tax and estate planning issues, given your specific objectives, philosophies, concerns and income needs
- Review your tax and estate structures in relation to your current investment strategy
- Help you devise a more comprehensive tax and estate strategy by collaborating with your personal tax and legal advisors
- Integrate appropriate investment and estate planning strategies to help you determine where and how to allocate your assets in an effort to achieve the desired results

Over the past three years alone, our Wealth Planning Centers have developed more than 5,000 tailored strategies for individuals and families in need of specialized strategies and solutions to help preserve and transfer their wealth.
Why Wealth Strategies Are Critical

Professionals at Morgan Stanley’s Wealth Planning Centers look at every aspect of your estate to understand the potential income tax and estate planning implications of each component on your investment strategy. By holistically reviewing your estate plan in conjunction with your tax and legal advisors, your Financial Advisor can advise you on how to make strategic investment decisions now and in the future.
Strategies typically encountered in wealth planning:

**Philanthropy**
- Private Foundation
- Public Charity
- Supporting Organization
- Charitable Remainder Trust (CRT)

**Basic Gifting**
- Annual Gift
- Tax Exclusion
- Lifetime Gift
- Tax Exemption
- Unlimited
- Marital Deduction

**Control of Assets**
- Last Will and Testament
- Revocable Living Trust
- Power of Attorney
- Health Care Proxy

**Leveraged Wealth Transfers**
- Grantor Retained Annuity Trust (GRAT)
- Sale to Intentionally Defective Grantor Trust (IDGT)
- Charitable Lead Annuity Trust (CLAT)
- Qualified Personal Residence Trust (QPRT)
A Path Designed to Reach Your Legacy Goals

Your Morgan Stanley Financial Advisor and the Wealth Planning Centers work closely with you to understand your specific needs and family circumstances, while maintaining the focus and due diligence necessary to guide integrated decisions about your wealth plan.

Our proven four-step process provides the discipline, wisdom and perspective required to build a comprehensive wealth strategy that incorporates all the complexities of your personal and business life.

Due Diligence

- Perform comprehensive discovery
- Review balance sheets
- Review existing estate planning strategies
2

Understand Your Current Situation and Long-Term Aspirations

- Income tax review
- Estate planning review
- Control of wealth
- Protect and transfer wealth to loved ones
- Understanding of causes important to you
- Family business succession
- Insurance
- Review existing planning documents

3

Analysis of Estate Techniques

- Analyze techniques in relation to your investment goals
- Review documents prepared by your tax and legal counsel
- Help educate you regarding various strategies, including
  - Exclusions, exemptions and credits
  - Leveraged gifting
  - Split-interest gifting
  - Pre-liquidity planning
  - Philanthropic strategies

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Implementation

Work with your personal tax and legal advisors to help assure the implementation of the various investment and wealth planning strategies you selected
Wealth Transfer and Gifting Strategies

A proper wealth strategy begins with careful thinking and professional guidance in defining your goals, as well as where or to whom you may desire your estate to pass upon your death. It involves asking and answering critical questions not only about your assets, but about your life and values.

Throughout the wealth planning process, you will have ample opportunity to think through the goals for your wealth, map out ownership transitions and work with our Wealth Planning Centers to answer key questions, so you and your personal estate attorney can decide what is right for you. Your attorney will memorialize your decisions in well-drafted documents.
Here is an overview of the various strategies and techniques you will most likely explore during this process:

Reducing Your Estate Taxes

While current legislation maintains a high federal estate tax exemption, your beneficiaries could face a substantial estate tax bill upon your death. A proper wealth strategy can help reduce this liability—and also help ensure liquidity is available to meet this obligation. Lack of a wealth strategy may result in the need to engage in a forced sale of assets to raise cash to pay any estate tax, which may significantly reduce the current and future value of your estate.

Consider these six techniques to reduce the size of your taxable estate:

1. Make sure that both you and your spouse make full use of your estate tax exclusion
2. Establish a gifting program
3. Donate assets to charities
4. Place your life insurance policies in a trust
5. Place a residence in a trust
6. Leverage your generation-skipping transfer tax exemption
Benefiting Family, Friends and Charities

The trust concept is a simple one: you transfer the title of an asset — a stock portfolio, the family homestead or any other property — to the trustee, who holds, manages and distributes that asset according to the instructions you provide in the trust agreement. In accepting title to the asset, the trustee assumes a legal obligation, as a fiduciary, to follow your instructions, always acting in the best interests of the trust beneficiaries you designate.

Here is a broad overview of what trusts can do for you:

<table>
<thead>
<tr>
<th>YOUR GOAL</th>
<th>Consider</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estate tax strategy</strong></td>
<td>Credit shelter trust</td>
<td>Ensures the exemption from estate tax is used appropriately</td>
</tr>
<tr>
<td><strong>Provide support for children</strong></td>
<td>Charitable trust</td>
<td>Supports charitable organizations while offering tax benefits</td>
</tr>
<tr>
<td><strong>Qualified personal residence trust (QPRT)</strong></td>
<td>Qualified personal residence trust (QPRT)</td>
<td>May remove value of home from estate while you continue to live in it</td>
</tr>
<tr>
<td><strong>Minor’s trust</strong></td>
<td></td>
<td>Allows greater flexibility and control than direct gifts, and possible tax savings</td>
</tr>
<tr>
<td><strong>Qualified terminable interest property (QTIP)</strong></td>
<td></td>
<td>Provides lifetime income for the surviving spouse while allowing for control of distribution of assets</td>
</tr>
<tr>
<td><strong>Transfer most growth and appropriation of assets without gift tax liability</strong></td>
<td>Grantor retained annuity trust (GRAT)</td>
<td>Locks in asset value on date of transfer to trust, and passes appreciation to beneficiary estate tax-free</td>
</tr>
</tbody>
</table>
Leaving a Lasting Charitable Legacy

You can pass on the values that have guided you through life by creating a charitable legacy benefiting organizations and institutions that are important to you. Knowing your support of these charitable institutions will continue after your lifetime can be very rewarding.

Of equal importance may be the opportunity presented by philanthropy to engage family members in endeavors of special significance to you. By creating a family foundation or contributing to a donor-advised fund, for example, you can begin to work with children and grandchildren toward achieving shared charitable goals. These family members will then be able to carry on a tradition of giving to ensure an enduring legacy.
Passing Your Business on to Family Members

If your wealth is the result of a business you have built and still own, you may face a broader range of estate issues and opportunities.

Hasty and unplanned transitions are among the greatest risks to your business value. Without a thoughtful and up-to-date succession plan, you run the risk of placing your family and your business in a particularly difficult position.

Depending on its value, your beneficiaries may be forced to sell the business to gain the liquidity needed to pay the estate taxes. Such situations typically result in a sale price well below the actual value of the business. What’s more, whatever aspirations you may have had for your business become unattainable.

Source: Joseph Astrachan, Ph.D., editor, Family Business Review, 2009
Gifting Your Business to Family Members

One way to support family business continuity is to transfer business interests to family members **during** your lifetime.

Gifting strategies frequently incorporate one of the following:

**FAMILY LIMITED PARTNERSHIP (FLP).** An FLP generally has two types of ownership interests: general partnership interests and limited partnership interests. General partners manage and control the FLP, while limited partners have no power to participate in the day-to-day management. With this strategy, you might establish an FLP and then transfer some of the interests in the business to the FLP in exchange for partnership interests in the FLP. Later, you can gift or transfer some or all of the limited partnership interests to members of your family.

**GRANTOR RETAINED ANNUITY TRUST (GRAT).** A GRAT may allow you to transfer your business but retain a payment stream of fixed annuity payments for a specific term. At the end of the term, any remaining trust property is transferred to the next generation free of estate and gift taxes. The gift is equal to the value of the transferred business interest, reduced by the present value of the annuity payments you would receive.
Selling Your Business During Your Lifetime

Another strategy business owners often consider is selling their business to a family member or an unrelated party.

INSTALLMENT SALE. An intrafamily installment sale could be used to reduce your estate tax and pass assets to beneficiaries — while you continue to benefit from the proceeds during your lifetime. In this approach, you might sell assets to the next generation in exchange for an installment note. While the value of the note would be included in your taxable estate, its value is frozen as of the date of the sale, so subsequent appreciation in the value of the business is transferred tax-free to the next generation.

SELLING OUTSIDE OF YOUR FAMILY. Potential nonfamily buyers of your business include management, employees and strategic or financial investors. A robust and competitive sales process ideally involves all of these categories of buyers and is likely to generate very different offers. An investment banking advisor may offer important insight in structuring a transaction that best meets your needs and objectives.

Other estate strategies to consider include:

BUY-SELL AGREEMENTS. These agreements can provide for the orderly succession of a family business and for liquidity needed for payment of a deceased owner’s estate settlement costs and taxes. In addition, under certain circumstances, a buy-sell agreement can establish the purchase price as the taxable value of an owner’s business interest, avoiding unexpected estate tax consequences at the owner’s death.

VALUE DISCOUNT. You may be able to discount the value of your business for gift tax purposes. When you give an interest in your business to family members, the value of those interests may be reduced due to lack of marketability and/or lack of control. A minority interest discount may be appropriate when the owner gifts non-controlling interests in the business. It is recommended to consult with a qualified appraiser in order to determine if a valuation discount would apply.
Gift or Sale: Which Option Is Best?

Regardless of the exit strategy you choose, it is important to develop an estate strategy beforehand. Your Financial Advisor and our Wealth Planning Centers provide the experience, insights and strategies to help you consider all of the options available and, with your personal tax and legal advisors, help you determine the most appropriate solutions for your specific goals and circumstances.
Your Future Begins With a Well-Defined Strategy

Your legacy is the opportunity to pass on the wealth and wisdom of your life in a way that best fulfills your goals and reflects your values. If you believe your current estate lacks the thoughtful planning required to preserve and pass your wealth to the people and organizations you care about most, we offer the strategic guidance and advanced solutions necessary to unlock the true potential of your life’s work.

Partnering with the professionals at our highly specialized Wealth Planning Centers, your Morgan Stanley Financial Advisor will work with you, your personal tax and legal advisors to help identify the specific wealth planning services, structures and strategies needed to enable your estate to reflect not only your financial circumstances, but the vision and commitments that drive your success.

TO GET STARTED.
Contact your Financial Advisor in order to discuss Morgan Stanley’s comprehensive wealth planning services and to tap into accessing the vast resources and tailored solutions that Morgan Stanley can deliver.

The techniques discussed in this brochure are not intended to be exhaustive. Other approaches to your wealth planning may be applicable, as every client is unique. Consequently, it is important that your financial advisor, and your personal tax and legal advisors, fully understand your situation. All clients must consult their personal tax and legal advisors for appropriate implementation of a complete and effective wealth plan.
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