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The Reichl Jensen Munao Legacy Group

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Estate Planning Tips for Baby Boomers

Many boomers have put off estate planning, putting them and their families at risk. These tips can help this generation get back on track with estate planning.

1. Know what your kids expect — and what you plan to give them. Boomers' parents were conservative savers. They came of age in the Great Depression, and that often led them to be cautious with their money. Many of them accumulated far more than they ever spent, and they passed that wealth on to their boomer children. But many baby boomers aren't taking the same approach to money. For one, the world has changed. Even boomers who've saved a lot may end up spending much of what they've accumulated, since retirements are likely to be long and healthcare costs expensive. But there's also an attitude difference. Active boomers may be planning on spending much of their hard-earned money on themselves. They believe they've done a lot for their children already and don't feel the need to leave them substantial assets. That's fine — it's your money, after all — but if you plan on spending most of your assets, you may want to let your children know. It's one thing to not leave money to the next generation, but if they are blindsided by your decisions after your death, they may end up feeling resentful.

2. Have a plan for the end of your life. Many, if not most, boomers are still leading busy lifestyles, and they plan to keep doing so for some time. Boomers who value staying fit and healthy may not really be thinking about what will happen to them when the inevitabilities of aging finally do catch up. But while taking steps to live a healthy lifestyle is important to enjoying a great retirement, boomers shouldn't assume

Continued on page 2

Organizing Your Estate

Estate planning is an ongoing process that rightly entails careful recordkeeping, review, and updates for the rest of your life to keep up with changes in the markets, laws, and your family. When you've finished creating the plan, the next step is to make it possible for your survivors to activate it easily and confidently when the time comes. That means organizing your estate so all those documents are readily available.

While it isn't necessary or even desirable to keep every piece of paper documenting your financial life, keeping the most important documents well-organized can save significant time for settling your estate.

Recognize that it's not just the estate documents you've created that you have to organize. It's also a wide array of documents that serve as proof of purchase and ownership of your assets which document yours

Continued on page 3

Estate Planning

Continued from page 1

they'll be healthy forever. Sickness and disability can happen, and it will be easier for you and your family to deal with if you have a plan. Not only should you think about long-term care and how you'll pay for it, you should also make sure you have end-of-life planning documents in place, like a health care power of attorney and a living will.

3. Make sure your estate plan is up-to-date. Many boomers have estate plans that they created decades ago. The primary goal of those estate plans may have been to ensure their children and surviving spouse were protected in the event of unexpected death. But as you get older, your estate planning needs change. If your kids are independent adults, providing for them is no longer as critical. Plus, if it's been two or three decades since you created your will, your life has likely changed in other ways too. You may have grandchildren who you want to receive part of your estate or new property that should be incorporated into your will. Or your family composition might have changed — you may have been divorced or widowed, for example. You may even have received a health diagnosis that is affecting your estate planning goals. For all these reasons and more, boomers need to sit down and review their estate plans to make sure that they properly convey all their wishes.

4. Decide if, and how, you want to leave a legacy. Boomers often want to find a way to leave a lasting impact on the world and to support the causes and organizations closest to their hearts. If you count yourself among those for whom leaving a legacy is important, now is the time to start thinking seriously about how you want to turn those legacy dreams into reality. If your goals are ambitious — like starting a foundation or a charity or endowing a scholarship — you should start planning now. The more lofty your goals, the more important it is that you take clear, concrete steps to turn your dreams into reality — like meeting with the leaders of the organization you support and finding out how you can best help them. After all, you won't be able to do this work after you are gone. ❍❍❍

Should You Serve as Guardian?

When asked to serve as the guardian of someone's minor children in the event of his/her death, it is usually meant as a compliment that the person trusts you to serve in this important role. While you may fear you'll hurt your relationship with that person by saying no, don't accept this role without giving it serious thought. Consider the following:

- **Are your lifestyles compatible?** Go over all details involved in raising the children. Will the children move in with you? If so, will that mean relocating them far from their current home? What are the parents' preferences regarding education, religion, lifestyle, and other factors? How well does your family get along with their children? Consider the impact on your family, including the fact that you will probably have less time available for your own children.
- **How much financial support will be available?** This involves more than making sure money is available for college and other expenses directly attributable to the children. Additional children in your house will increase many of your bills, including food, utilities, transportation costs, etc. Your house may now be too small, requiring an addition to your current home or moving to a larger home.
- **Are you comfortable taking on responsibility for the children's finances?** Just because you agree to take physical custody of the children does not mean you have to handle their finances.
- **Has a contingent guardian been named?** Find out if a contingent guardian has been named in case you cannot serve. However, don't use this as an excuse to say yes when you really want to decline. It is better to indicate that you do not want to take on this responsibility now, so another guardian can be chosen and has the opportunity to go over all these details. Also, if your situation changes in the future, inform the parents immediately. ❍❍❍

Organizing

Continued from page 1

and your spouse's key life events. One of the best ways to organize them all is to collect them by category and create another master document that explains what they are, where they are, the first steps your spouse needs to take to get the settlement of your estate started, and contact information for all the advisers with whom he/she needs to connect.

Below is a description of documents your spouse needs, with examples of specific documents in each category. After collecting them, store them in a place that protects them from fire and water — either a home safe or a safety deposit box at a bank.

❍ **Estate planning documents:** Your last will and testament, living will, all trust documents, power of attorney declarations, and any funeral instructions.

❍ **Personal documents:** Certificates of birth, marriage, and death of other key relatives, divorce and separation agreements, adoption papers, and military records. In addition, make copies of your driver's license, Social Security card, health insurance and/or Medicare card, and any organ donor cards.

❍ **Other legal documents**: Examples include pre- and post-nuptial agreements, corporation or partnership agreements, and leases.

❍ **Financial account statements and securities certificates**: Keep and periodically refresh all your bank, brokerage, mutual fund, and other investment account statements. Also include any stock, bond, or saving certificates.

❍ **Copies of your life insurance policies:** Make sure you include copies of the beneficiary designations and recent statements of any cash values.

❍ **Real estate documents:** These should include all deeds, mortgage, and title insurance documents, and copies of your homeowners' insurance policies for all properties you own.

❍ **Retirement plan documents**: Be sure to include all plan and account documents, beneficiary designations, and statements of all workplace retirement plans, IRAs, annuities, and pension plans you own and statements of your Social Security benefits.

❍ **Vehicle documents:** All documents related to the automobiles, motorcycles, scooters, boats and airplanes you own. Include all titles, loan statements, and insurance policies for each vehicle.

❍ **Credit card and outstanding debt documents:** Keep and periodically refresh copies of your credit card, education, and any other outstanding personal loan balances.

❍ **Tax returns**. This file should always contain full copies of at least three years of federal, state, and local income tax returns. ❍❍❍

Bond Investing Tips

Consider the following tips if bonds are part of your investment portfolio:

❍ **Determine your objectives before investing.** Decide how much of your portfolio you want invested in bonds.

❍ **Diversify your bond holdings among different bond types.** Consider government, corporate, and municipal bonds, as well as different industries, credit ratings, and maturities.

❍ **Understand the risks that affect bonds.** The most significant risk is interest rate risk. When interest rates rise, bond values fall, while values rise when interest rates decline. Other risks include default risk, or the possibility the issuer will redeem the bond before maturity; and inflation risk, or the possibility that inflation will outpace the bond's return.

❍ **Choose bond maturity dates carefully.** When you will need your principal is a major factor, but the current interest rate environment may also affect your decision. Rather than investing in one maturity, you may want to stagger or ladder the maturity dates in your portfolio.

❍ **Follow interest rate trends.** At a minimum, follow the prime rate, Treasury bill rates, and Treasury bond rates. Understand the significance of the yield curve and track its pattern over time.

❍ **Compare interest rates for specific bonds before investing.** Interest rates can vary substantially among different bond types and among bonds with different maturities or credit ratings.

❍ **Research a bond before purchase.** Review the credit quality, coupon rate, call provisions, and other significant factors. Determine whether the bond is appropriate for you in terms of risk, return, and maturity date.

❍ **Consider the tax aspects.** By comparing the after-tax rate of return for various types of bonds, you may be able to increase your return. Depending on the bond, the interest income may be fully taxable or exempt from federal and/or state income taxes.

❍ **Review your bond holdings periodically.** Evaluate the credit ratings of all your bonds at least annually to ensure the quality hasn't deteriorated. Also, ensure your holdings are still consistent with your overall investment objectives and asset allocation plan. ❍❍❍

Financial Data

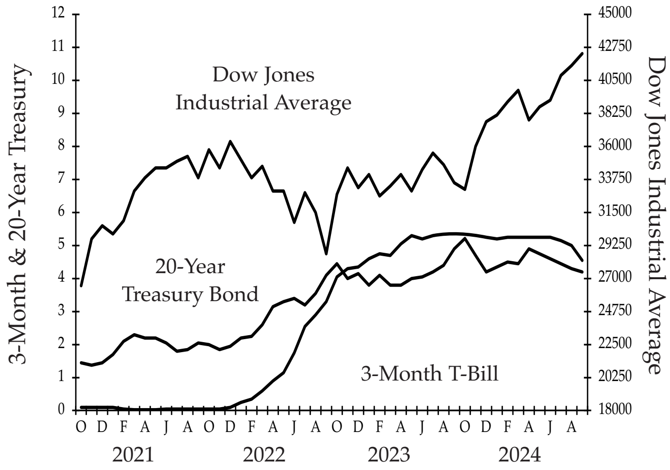
Indicator	Month-end Jul-24	Aug-24	Sep-24	Dec-23	Sep-23
Prime rate	8.50	8.50	8.00	8.50	8.50
Money market rate	0.48	0.47	0.42	0.48	0.48
3-month T-bill yield	5.15	4.98	4.54	5.26	5.33
10-year T-bond yield	4.09	3.91	3.81	3.88	4.59
20-year T-bond yield	4.44	4.28	4.19	4.20	4.92
Dow Jones Corp.	5.43	5.06	4.87	5.17	6.08
30-year fixed mortgage	7.24	6.98	6.83	7.09	7.90
GDP (adj. annual rate)#	+3.40	+1.60	+3.00	+3.40	+2.10

Indicator	Month-end Jul-24	Aug-24	Sep-24	% Change YTD	12-Mon.
Dow Jones Industrials	40842.79	41563.08	42330.15	12.3%	26.3%
Standard & Poor's 500	5522.30	5648.40	5762.48	20.8%	34.4%
Nasdaq Composite	17599.40	17713.62	18189.17	21.2%	37.6%
Gold	2426.30	2513.35	2629.95	27.1%	40.6%
Consumer price index@	314.18	314.54	314.80	2.5%	2.5%
Unemployment rate@	4.10	4.30	4.20	13.5%	10.5%

\# — 4th, 1st, 2nd quarter @ — Jun, Jul, Aug Sources: *Barron's*, *Wall Street Journal*

4-Year Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield

October 2020 to September 2024



Past performance is not a guarantee of future results.

News and Announcements

Bonds and Interest Rate Changes

Basically, interest rate changes affect bond prices as follows:

- **Interest rates and bond prices move in opposite directions.** The price of a bond will decrease in value when interest rates rise and increase in value when interest rates fall. The price of an existing bond changes to provide the same return as an equivalent, newly-issued bond at prevailing interest rates. If interest rates are higher than the rate on an existing bond, the existing bond becomes less valuable because of the lower interest payments, causing the price to decrease. Since you receive the full principal value at maturity, holding a bond until maturity eliminates the impact of interest rate changes.
- **Interest rate changes have a more dramatic affect on bonds with longer maturities.** Since long-term bonds have a longer stream of interest payments that don't match current interest rates, their price must change more to compensate for those interest rate changes.
- **Bond price changes are less significant for bonds with higher coupon rates.** Bonds with coupon interest rates near or above current interest rates will experience the least amount of price fluctuation.

By understanding the effects of interest rate changes on bond prices, you can make more informed decisions regarding your bond portfolio. ❍❍❍

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