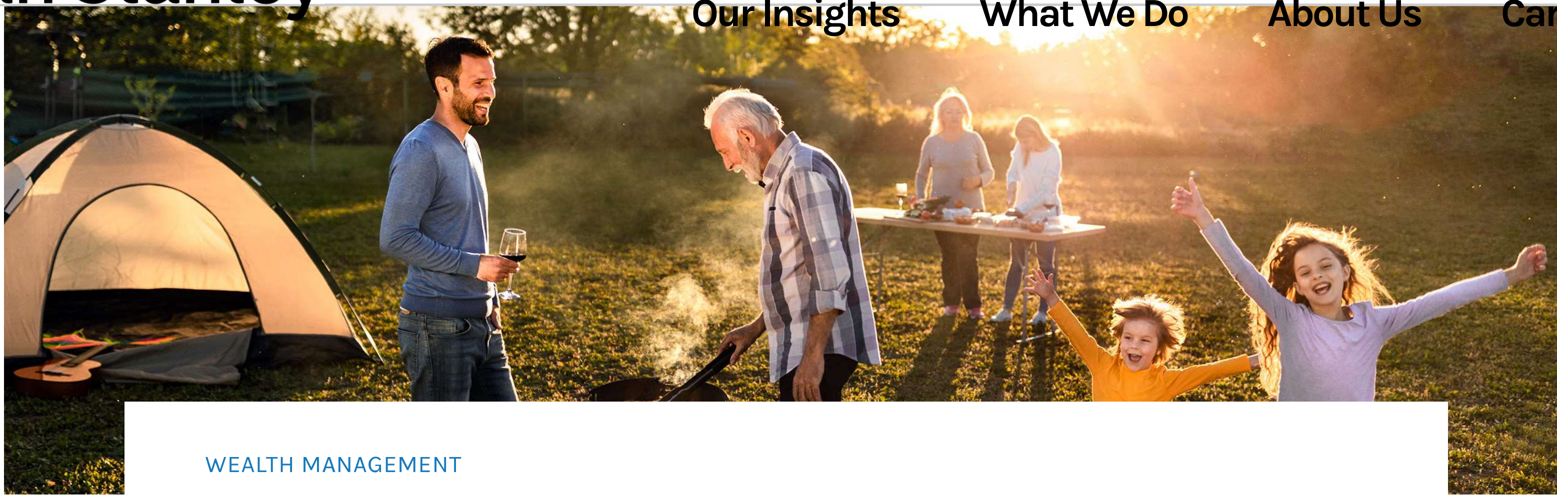

WEALTH MANAGEMENT

Your Mid-Year Financial Planning Checklist

Changes in the market or shifts in your personal circumstances may require adjustments to your financial plan. Here's a mid-year checklist to help get you started.

Key Takeaways

- Changes in the market or shifts in your personal circumstances may require adjustments to your financial plan.

- Review estate plan and insurance policies, even if major life events haven't occurred recently.

Long sunny days and the smell of barbeques are sure signs that summer has arrived. But before you kick off your shoes and disconnect, consider checking your financial plan to make sure you're still tracking toward your short- and long-term goals. Changes in the market or shifts in your personal circumstances sometimes require adjustments to your financial plan.

You may have received **a significant pay increase** or **begun a long-awaited retirement**. Or perhaps the market's recent ups and downs have left you wondering how your portfolio is holding up. **Does your financial plan reflect your changing circumstances**? Here are five important items for your mid-year financial planning checklist to help you stay on track:

1. Review Your Portfolio

Periodically reviewing and rebalancing your portfolio is important in any market environment. For example, the ups and downs of the markets can cause your portfolio to drift away from your goal, potentially making it riskier or more conservative than intended. Your Morgan Stanley Financial Advsior can help you make the adjustments needed to bring your investments back into alignment with your risk tolerance and overall investing strategy.

Midyear is also a good time to prepare for what may be ahead for markets. Ask your Financial Advisor how to position your portfolio for such changing economic and market conditions in light of your short- and long-term goals.

Checking in on your retirement plan can help ensure you're tracking toward your goal of **a financially secure retirement**. A mid-year review is a great time to assess where you stand. If you are off-track, work with your Financial Advisor to determine why.

For instance, if you're still saving regularly but falling short because your investments aren't performing, your Financial Advisor may suggest changes to your asset allocation strategy or to specific investments you've chosen. This may entail shifting portfolio risk, to the extent you're comfortable. You may also consider increasing your savings levels, stretching out the time horizon until you retire or even reducing the ambitiousness of your retirement spending plans. For some investors, the most palatable option is a little of each of these approaches.

Alternately, if you are doing better than anticipated, maybe now is a good time to reassess your risk exposure to lock in that progress and help protect against future market volatility.

3. Revisit Your Insurance Needs

While priorities like budgeting and taxes often take center stage at the beginning or end of the year, summer can be an ideal time to focus on areas of your financial life that may otherwise get overlooked. For many people, insurance coverage is one of those areas.

Changes in personal relationships, lifestyle needs and performance of the market are often good reminders to check-in. Make sure your policies are titled correctly, benefit levels meet your needs and planned premium payments of flexible permanent policies remain as scheduled. Review your multiple high-value assets, it may also be time to think about property and casualty insurance or increasing coverage if you already have a policy.

Periodically reviewing and rebalancing your portfolio is important in any market environment.

4. Refresh Your Estate Plan

Estate plans typically reflect a person's wishes at a moment in time. As you move through life, important events such as births, deaths and marriages, as well as evolving personal relationships, could affect both whom you entrust with sensitive medical and financial decisions that may one day need to be made on your behalf at the end of your life, as well as how you ultimately want your wealth and assets distributed after you pass. That's why it's imperative to periodically review **estate planning documents closely**, especially if you're in retirement. While often challenging, this type of planning is essential if you hope to ease a difficult process for the people you love and to help ensure that your wishes are respected.

5. Identify New Tax-Saving Strategies

Financial Advisor to **identify strategies that may help reduce your income tax bill** in the future. These may include ideas such as **donating to charity**, "**harvesting" investment losses** and/or saving for **future education costs** in a tax-advantaged account.

For example, you could ask your Morgan Stanley Financial Advisor about the benefits of active tax management for your portfolio. Such customizable services can work throughout the year to **harvest losses** that may be used to offset capital gains and help you keep more of what you earn. Over the last 10 years, the average tax savings yield for clients enrolled in **Morgan Stanley's Tax Managed Services** was an estimated 1.35% per year.[1]

If you're retired, you may also want to connect with your Financial Advisor to review your current sources of income and identify potential opportunities to maximize the tax-efficiency of your portfolio distributions through techniques such as **income smoothing** and **tax-efficient withdrawals**. Morgan Stanley's Intelligent Withdrawals tool uses sophisticated analysis across all of your accounts to quickly find the right withdrawal strategy to help reduce the taxes you may owe.

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Often the smartest tax strategies are put into action well before Tax Day.

Looking toward the second half of the year, it's important to review and adjust your plan where needed. Having a mid-year financial planning check-in can help you gauge your progress toward goals and course-correct where necessary. Your Morgan Stanley Financial Advisor can provide additional insights and apply strategic learnings to your financial plan to help guide you in areas that could benefit from potential improvement or expansion.

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Footnotes:

[1] *Tax savings yield is the estimated reduction in tax liability because of tax-loss harvesting divided by the*

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