

FROM THE DESK OF THE LEV ROURK GROUP

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Does Your Insurance Need Adjusting?

Our lives are constantly changing, so staying on autopilot when it comes to our insurance means our coverage may not be up to date with our actual needs. For this reason, review your insurance annually or after major life events like marriage, divorce, the birth of a child, a new job, or the death of a spouse or dependent.

Marriage and Divorce

These life events may affect multiple types of insurance:

✓ **Life** — A new marriage may mean purchasing a life insurance policy to ensure your spouse is looked after if you pass away. A recent divorce may prompt you to remove your former spouse and perhaps name a new beneficiary.

✓ **Health** — You generally have 30 days after marriage to add your spouse to your employer-sponsored health insurance, or else you may have to wait until the next annual open enrollment period. If you've divorced, you will need to remove your former spouse.

✓ **Homeowners** — If you marry someone who has significant property and plan to combine households, you will need to increase your personal property insurance to cover and protect all combined assets.

✓ **Auto** — While you certainly do not have to change policies once you've married, you may be missing out on available discounts.

Spousal Death or Disability

All of your insurance needs may require reevaluation in the case of

spousal disability. If your spouse has passed away, you will need to name new beneficiaries.

Birth of a Child

✓ **Life** — To make sure your child will be provided for in the

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Periodically Review Beneficiaries

Many assets, including individual retirement accounts (IRAs), 401(k) plans, life insurance policies, and annuities, have beneficiary designations that dictate who receives the asset after your death. These selections should be made carefully, since they typically override any provisions in your will or other estate planning documents. Consider the following points:

✓ Select the most appropriate person as beneficiary for each asset.

First, list all your assets with beneficiaries, noting the owner, primary beneficiary, and contingent beneficiary. In some cases, tax and estate planning considerations may help dictate whom to select.

✓ **Name contingent beneficiaries.** Without a named contingent beneficiary, the asset will be included in your probate estate if your primary beneficiary dies before you.

✓ **Indicate what percentage of the asset each beneficiary should receive.** Also, in the event a beneficiary dies before you, decide how each beneficiary's share should be distributed.

✓ **Assess whether beneficiaries are capable of managing the asset.** If not, you may want to set up a trust to control distribution.

✓ **Periodically review your beneficiaries to see whether changes are warranted.** A divorce, remarriage, spouse's death, or child's birth are all events that may require changes. You should also review your beneficiary choice if you make changes to your will. ✓✓✓

Does Your Insurance?

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event of your death, you will need to reassess your life insurance.

✓ **Health** — Similar to adding a spouse, you will have roughly 30 days after their birth to add your child to your employer-sponsored health insurance plan.

✓ **Disability** — A child means you will have another dependent, so you may want to make sure your disability insurance will be sufficient to provide for all of your dependents.

New Drivers in Household

To look for savings, check to see if your insurance company offers discounts based on the new driver's specific training or good grades in school. If they go away to college and do not take the car, inform your insurance company and enjoy the corresponding lowered rate.

Job or Income Change

✓ **Life** — If your lifestyle has significantly changed due to a job change or your retirement, you may want to consider adjusting your life insurance policy.

✓ **Auto** — If your new job does not rely as heavily on your car to commute daily, you may qualify for lower auto insurance premiums.

New Investments and Assets

Purchasing or selling a home does not necessarily mean you will have to change homeowners insurance policies, as they typically cover new purchases automatically. However, new assets and purchases may exceed the value limits of your current policy or not even be covered at all.

Extensive Home Improvement

Review your homeowners insurance on a regular basis and when you add significant value to your home. Your home value will fluctuate with the market and you will need to be

vigilant in making sure your policy limits are adequate

It's a good idea to reassess your insurance needs at least once a year. Please call if you'd like to discuss your insurance needs in more detail.

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Assess Your Risk Tolerance

You need to assess how much risk you are willing to take to obtain potentially higher returns. However, it is one thing to answer hypothetical questions about how you might react in different circumstances and quite another to actually experience a significant drop in the value of your investments. What you are trying to assess is your emotional tolerance for risk, or how much price volatility you are comfortable with. Some questions that can help you gauge this include:

✓ **What long-term annual rate of return do you expect to earn on your investments?** Your answer will help determine the types of investments you need to choose to meet that target. Review historical rates of return as well as variations in those returns over a long time period to see if your estimates are reasonable.

✓ **What length of time are you investing for?** Some investments such as stocks should only be purchased for long time horizons. Using them for short-term purposes may increase the risk in your portfolio.

✓ **How long are you willing to sustain a loss before selling?** The market volatility of the past several years will give you some indication of how comfortable you are holding investments

with losses.

✓ **What types of investments do you own now and how comfortable are you with those investments?** Make sure you understand the basics of any investments you own, including the historical rate of return, the largest one-year loss, and the risks the investment is subject to. Over time, your comfort level with risk should increase as your understanding of how risk impacts different investments increases.

✓ **Have you reassessed your financial goals recently?** Periodically, your financial plan may need to be revamped. Otherwise, you may find you won't have sufficient resources in the future to meet your goals. Based on your current investment values, determine what needs to be done to meet your financial goals. You may need to save more, change or eliminate some goals, or delay your retirement date.

✓ **Do you understand ways to reduce the risk in your portfolio?** While all investments are subject to risk, there are some risk-reduction strategies you should consider for your portfolio. These strategies include: diversifying your portfolio, staying in the market through different market cycles, and using dollar cost averaging to invest. ✓✓✓

Challenges to Your Retirement

We all know saving for retirement is becoming more and more challenging. Longer life expectancies, fewer traditional pensions, and lower investment portfolios are the most obvious challenges. But there are other threats to your retirement:

✓ **Traditional pension plan benefits can change.** Your employer can't take away benefits you've already earned, but benefits going forward can be reduced. Keep an eye on your pension plan so you know if your employer makes changes.

✓ **Switching jobs can affect your retirement benefits.** If you have a traditional pension plan, consider your pension benefits before changing jobs. The same applies to 401(k) plans with matching employer contributions. You may find staying at your job a while longer will significantly increase your benefits.

✓ **Don't forget about pension benefits at previous employers.** Many employees leave a company without realizing they are entitled to pension benefits. Before changing jobs, check with your employer to find out what benefits you are entitled to. Then keep track of the company so you can claim benefits when you retire.

✓ **Early retirement can significantly reduce your retirement benefits.** Sure, it sounds great to retire before age 65 with company pension benefits. But don't just look at how much you'll receive when you retire early. Also consider

what you would receive if you wait until normal retirement age. Retiring early can dramatically lower your monthly pension benefit for several reasons — you don't have as many years of service, salary increases you would have earned aren't considered, and those extra years of benefits cause a large actuarial deduction in benefit calculations.

✓ **You may not be able to count on health insurance benefits after retirement.** Due to rapidly increasing costs for health insurance, many companies are either phasing out health insurance benefits for retirees or increasing retirees' share of the cost. While Medicare is still available once you turn age 65, those benefits don't cover all medical costs. Whether or not you can count on health insurance benefits is often a significant factor in deciding whether you can retire before age 65.

✓ **Social Security benefits are changing.** Normal retirement age is gradually increasing from age 65 to age 67, a change affecting anyone born in 1938 or later. You can still receive reduced benefits at age 62, but the permanent reduction in benefits is increasing from 20% to 30%, depending on your year of birth. These changes are meant to encourage you to retire at a later date.

✓ **Decide carefully before taking a lump-sum distribution.** Some traditional pension plans allow lump-sum distributions instead of monthly pension benefits. Use that option with care. While the amount of money might seem large, are you sure you can invest it and earn more than the monthly pension option?

There are many challenges to saving for retirement. If you'd like to discuss your retirement plans in more detail, please call. ✓✓✓



Insurance Basics

Review all your policies every couple of years. Make sure you have adequate coverage in all major areas, while also evaluating whether revisions are needed. For instance, your need for life insurance

is likely to change drastically over your life as your lifestyle and the number of people dependent on your income change. Review your homeowner's policy to make sure the policy limits are sufficient to pay for rebuilding your home. As your financial situation improves, you might need more personal liability insurance. The amount of disability income insurance you need is likely to change as your income changes. As you get older, you should investigate long-term-care insurance.



Market Data



	MONTH END			% CHANGE	
	OCT 25	SEP 25	AUG 25	YTD	12-MON.
STOCKS:					
Dow Jones Ind.	47562.87	46397.89	45544.88	11.8%	13.9%
S&P 500	6840.20	6688.46	6460.26	16.3	19.9
Nasdaq Comp.	23724.96	22660.01	21455.55	22.9	31.1
Total Stock Market	67554.23	66145.67	64011.54	15.7	19.4
PRECIOUS METALS:					
Gold	3982.20	3820.00	3409.00	52.2	45.6
Silver	47.99	46.15	39.20	63.0	46.8
INTEREST RATES:	OCT 25	SEP 25	AUG 25	DEC 24	OCT 24
Prime rate	7.00	7.25	7.50	7.50	8.00
Money market rate	0.44	0.45	0.44	0.42	0.43
3-month T-bill rate	3.73	3.86	4.10	4.23	4.49
20-year T-bond rate	4.65	4.71	4.86	4.86	4.58
Dow Jones Corp.	4.92	5.01	5.07	5.45	5.22
Bond Buyer Muni	4.51	4.66	5.06	4.46	4.35

Sources: Barron's, Wall Street Journal. An investor may not invest directly in an index.

Purchase insurance wisely. The primary purpose of insurance is to protect yourself from financially devastating losses, not from every minor loss you might incur. Thus, review all the riders and options in your policies, only retaining those that are important.

Avoid insurance you don't need. Don't purchase insurance for minor items you can easily cover yourself, such as extended warranties on small household appliances. When reviewing your policies, make sure you're not paying for duplicate coverage. For instance, you may have disability income insurance at work and through a personal policy. Review the policy limits on both to ensure you aren't paying for benefits that can't be collected because you've exceeded the policy limits. ✓✓✓

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