

Comprehensive Financial Planning, Tax Optimization, and Investment Review Checklist

- 1. REVIEW OF EXISTING TRUSTS & ESTATE PLANNING.** This comprises a bottom-up review of all current planning and structuring:
 - Provide document review and summary via our Family Office Resources Group
 - Detail every document, strategy, and structure
 - Illustrate with flow charts how assets flow through family generations
- 2. OWNERSHIP/TITLING REVIEW.** This covers why clients own each asset and *how* they own each asset.
- 3. TITLING ALIGNMENT.** We ensure titling for brokerage accounts, alternatives, private investments, and private company stock aligns with clients’ current estate plans.
 - Review whether couples with JTWR0S (joint tenants with right of survivorship) lack alignment with the intended asset flow after the first spouse passes
 - Ensure optimal titling, which can include TIC (tenants in common), but preferably revocable trust/revocable trust TIC or separate revocable trusts for each spouse (or single revocable trusts for those in community property states), including confirmation with clients’ attorneys
 - Where there are separate revocable trusts, confirm each spouse has at least the appropriate remaining federal lifetime exemption amount in each’s distinct entity
- 4. ALIGNMENT OF BENEFICIARIES.** We review beneficiary designations on retirement accounts to ensure these also align with clients’ estate plans. This is critically important as well for deferred compensation, employer sponsored life insurance, and other group benefits that allow for beneficiary designations.
- 5. LIFE INSURANCE ANALYSIS.** Regular reviews of life insurance coverage is crucial.
 - Ensure payments are being made from the entity that owns the life insurance and being funded with proper notice if Crummey provisions are applicable (and then further ensure Crummey letters are being sent out)
 - Review current coverage, including term and permanent policies, and understand goals and objectives with each policy and what its intention/purpose is in context of the overall estate plan
 - Review term insurance conversion features, which policy holders often overlook but which can allow conversion into permanent coverage, typically without any medical underwriting
- 6. PROPERTY & CASUALTY INSURANCE.** We provide a Professional Gap Analysis in partnership with one of four high-net worth insurance brokers with which Morgan Stanley has a referral relationship.
- 7. TRACKING ANNUAL EXCLUSIONS.** We review the importance of maximizing annual exclusion gifts, and ensure that if clients allocate a portion to insurance trusts and/or other trust entities, that they aim to maximize the annual gifting amount where possible (\$18,000 per person in 2024¹).

¹Source: IRS.gov, <https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes>

Morgan Stanley Smith Barney LLC (“Morgan Stanley”), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning and other legal matters. Morgan Stanley Smith Barney LLC does not accept appointments, nor will it act as a trustee, but it will provide access to trust services through an appropriate third-party corporate trustee.

- 8. RESIDENCY RELOCATIONS.** We discuss current and future state of residency and related planning, as many clients either relocate out of high tax states and/or have multiple residences. We work with legal specialists whose exclusive focus comprises:
- Relocation out of high-tax states such as NY and CA, and comprehensive pre- and post-move planning and strategy
 - Reviewing SALT (state and local tax matters) for operating business and income tax planning for pre- and post-move considerations
- 9. REVIEW EDUCATION AND 529 PLANNING.** Where appropriate, we help ensure clients leverage and maximize this additional form of tax-efficient savings/portfolio compounding – for children, grandchildren, and possibly other relatives.
- 10. GIFT TAX RETURN REVIEW.** We help calculate how much lifetime exemption clients have used thus far, and ensure proper planning and strategy is in place for:
- The lifetime exemption, as follows in this notable sequence²:
 - 2023 - \$12,920,000 per person
 - 2024 - \$13,610,000 per person
 - 2026 - ~\$6,400,000 per person adjusted for inflation
 - Cases where clients have used their full lifetime exemption, prompting advanced planning discussions focused on GRATs (grantor retained annuity trusts), sale to IDGTs (intentionally defective grantor trusts), and/or intra-family loans/promissory notes and charitable planning
 - GST (generation-skipping trust) planning
- 11. CHARITABLE PLANNING.** We review existing charitable giving frameworks and discuss new possible strategies for both during clients’ lifetimes and at death, including:
- A donor advised fund (DAF), private foundations, charitable lead trust (CLT) and charitable remainder trust (CRT)
 - A testamentary charitable lead trust, which can help to zero out a taxable estate
 - RMDs to charity (required minimum distributions)
- 12. CASH FLOW PLANNING.** We develop a comprehensive cash flow and retirement analysis, which can:
- Help bring visibility/clarity to clients’ annual spend and shape an annual budget
 - Influence asset allocation decisions to achieve goals and objectives, while avoiding unnecessary risk
 - Enable a more informed framework for assessing overall future estate values, estate planning strategies, and the most efficient ways to leave assets for the next generation
 - Enable holistic and actionable decision making based on new spending/purchase aspirations

²Source: IRS.gov, <https://www.irs.gov/businesses/small-businesses-self-employed/estate-tax>

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13. CREDIT & LENDING. UHNW lending can help provide the necessary funding and flexibility as you manage the diversification and expansion of your wealth. Our UHNW lending team can suggest customized borrowing options designed to help meet your distinct needs. These needs could include:

- Obtaining a tailored lending credit facility, Liquidity Access Line (LAL), and/or margin credit facility – for applicants who qualify – for the purpose of investing in a business, acquiring real estate, addressing potential tax obligations, or simply having a source of additional general funding³
- Financing options that may be structured on behalf of individuals or one of their various ownership entities (i.e., personal investment company, trusts, partnerships, and LLCs); solutions also available for international clients
- Morgan Stanley Home Loan solutions offered by Morgan Stanley Private Bank, National Association

14. CPA INTRODUCTIONS. We make introductions to accountants who we define as forward-looking and prescriptive tax *strategists* rather than backward-looking return preparers.

- Involve proactive CPAs who review client circumstances and financial data in their entirety, and make projections for *future years’* tax liabilities; high caliber CPA partners should have:
 - Comprehensive knowledge and capability to deal with complexity around private and public options/stock decisions, board of directors’ compensation, equity compensation, etc.
- Streamline and proactively deliver information to our clients’ CPAs:
 - With clients’ permission, grant their CPAs view-only access to MS Online
 - Show CPAs where to find 1099s, K-1s, and any other relevant documents
 - Set up regular dividend and interest reports, allowing CPAs to have accurate projections of year-to-date dividends, interest, and realized gains/losses, to enable more precise quarterly estimates

15. INVESTMENT REVIEW. We apply deep scrutiny to prospective clients’ existing asset allocations and deliver a game-plan for any proposed transitions.

- Create a summary balance sheet that accounts for all assets/liabilities and categorizes items by asset class
- Propose tax-sensitive transitions to ensure any carry-forward losses are used, if applicable, and adhere to an agreed-upon capital gains budget as needed
- Run portfolios through the top risk analytics platform Aladdin, Blackrock’s institutional risk management system
- Propose appropriate re-balancing by entity (inside estate and irrevocable trusts if applicable), and detail all the logic – as well as any potential tax liabilities – associated with investment shifts

16. ONGOING PORTFOLIO/MARKET UPDATES. Based on client preferences, we provide quarterly and/or annual reviews – and this includes commentary on overall macroeconomic dynamics as well as individual fund strategies. We also highlight new proposed investments in detail, enabling portfolio manager calls where desired and in general taking a collaborative rather than dictatorial approach to asset allocation.



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³Liquidity Access Line (“LAL”) is a securities-based loan/line of credit product offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. All LAL loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. LAL loans/lines of credit may not be available in all locations. Rates, terms and conditions are subject to change without notice. To be eligible for an LAL loan/line of credit, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the LAL. In conjunction with establishing an LAL line of credit, an LAL facilitation account will also be opened in the client’s name at Morgan Stanley Smith Barney LLC at no charge. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is a Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. **The proceeds from an LAL loan/line of credit (including draws and other advances) may not be used to purchase, trade, or carry margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

The investments listed may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment will depend upon an investor’s individual circumstances and objectives.

Morgan Stanley Smith Barney LLC (“Morgan Stanley”), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trusts, estate planning, charitable giving, philanthropic planning or other legal matters.

Morgan Stanley Smith Barney LLC offers insurance products in conjunction with its licensed insurance agency affiliates.

Morgan Stanley Smith Barney LLC does not accept appointments, nor will it act as a trustee, but it will provide access to trust services through an appropriate third-party corporate trustee.

Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC. Member SIPC.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.



“Blind-Spot” Checklist – 2024

Morgan Stanley

PRIVATE WEALTH MANAGEMENT

THE MELTZER DUNN FAKHOURY GROUP | Morgan Stanley Private Wealth Management

Morgan Stanley offers a wide array of brokerage and advisory services to its clients, each of which may create a different type of relationship with different obligations to you. Please consult with your Financial Advisor to understand these differences or review our Understanding Your Brokerage and Investment Advisory Relationships brochure available at <https://www.morganstanley.com/wealth-relationshipwithms/pdfs/understandingyourrelationship.pdf>

Individuals can be found to be domiciled in multiple states due to the different domicile requirements set forth by each state. The requirements of establishing a domicile vary from state to state. Please reach out to your tax advisor for specific guidance. The 529 Plan Program Disclosure contains more information on investment options, investment objectives, risk factors, fees and expenses, and potential tax consequences. Investors can obtain a 529 Plan Program Disclosure from their Financial Advisor and should read it carefully before investing. Investments are subject to market risk and may fluctuate in value. Before investing, investors should consider whether tax or other benefits are only available for investments in the investor's home-state 529 college savings plan.

The Morgan Stanley Global Impact Funding Trust, Inc. (“MS GIFT, Inc.”) is an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust (“MS GIFT”) is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT.

Since life insurance and long-term care insurance are medically underwritten, you should not cancel your current policy until your new policy is in force. A change to your current policy may incur charges, fees and costs. A new policy will require a medical exam. Surrender charges may be imposed and the period of time for which the surrender charges apply may increase with a new policy. You should consult with your own tax advisors regarding your potential tax liability on surrenders. Guarantees and contractual obligations are backed by the claims-paying ability of the issuing insurance company.

Morgan Stanley Smith Barney LLC, Private Wealth Management or its affiliates (the “Firm”) offer certain property and casualty products and services through certain service providers. Any referral of a service provider should in no way be considered an endorsement of the service provider by the Firm. The Firm makes no representations regarding the appropriateness or otherwise of the products or services provided by the service provider. There may be additional service providers for comparative purposes. If you choose to engage the service provider, we recommend that you interview such service provider, do thorough due diligence and make your own independent decision. The Firm will receive commissions if you purchase a Property and Casualty product or service from the service provider. The Firm is a diversified financial services company with millions of individual clients, and corporations, institutions and governmental clients in several countries around the world. The Firm routinely enters into a variety of business relationships for which either the Firm receives compensation, or pays for services, and such business relationships may include the named service provider, its employees or agents, or companies affiliated with the service provider.

The Portfolio Analysis report (“Report”) is generated by Morgan Stanley Smith Barney LLC’s (“Morgan Stanley”) Portfolio Risk Platform. The assumptions used in the Report incorporate portfolio risk and scenario analysis employed by BlackRock Solutions (“BRS”), a financial technology and risk analytics provider that is independent of Morgan Stanley. BRS’ role is limited to providing risk analytics to Morgan Stanley, and BRS is not acting as a broker-dealer or investment adviser nor does it provide investment advice with respect to the Report. Morgan Stanley has validated and adopted the analytical conclusions of these risk models. Any recommendations regarding external accounts/holdings are asset allocation only and do not include security recommendations. The Report is not a financial plan. It is prepared using a brokerage tool and not an advisory tool. While the Report may include analysis of securities held in an advisory account, Morgan Stanley is not acting as your investment adviser with respect to the Report. Morgan Stanley will only act as your investment adviser pursuant to separately executed advisory agreements. For additional answers to questions about the differences between our advisory and brokerage services, please consult with your Financial Advisor or review our Understanding Your Brokerage and Investment Advisory Relationships brochure available at www.morganstanley.com/ourcommitment/

IMPORTANT: The projections or other information provided in the Report regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Hypothetical investment results have inherent limitations. 1) There are frequently large differences between hypothetical and actual results. 2) Hypothetical results do not represent actual results and are generally designed with the benefit of hindsight 3) They cannot account for all factors associated with risk, including the impact of financial risk in actual trading or the ability to withstand losses or to adhere to a particular trading strategy in the face of trading losses. 4) There are numerous other factors related to the markets in general or to the implementation of any specific strategy that cannot be fully accounted for in the preparation of hypothetical risk results and all of which can adversely affect actual performance.

Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the risk analyses will prove correct. They are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown in a Report. The information is as of the date of the Report or as otherwise noted within the Report. Morgan Stanley expressly disclaims any obligation or undertaking to update or revise any statement or other information contained in a Report to reflect any change in past results, future expectations or circumstances upon which that statement or other information is based.

Borrowing against securities may not be appropriate for everyone. You should be aware that there are risks associated with a securities based loan, including possible margin calls on short notice, and that market conditions can magnify any potential for loss.

Important Risk Information for Securities Based Lending: You need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as “Morgan Stanley”) reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities based loan that is identified as a committed facility; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities based loans at any time and for any reason.

Tailored Lending is a loan/line of credit product offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. A Tailored Lending credit facility may be a committed or demand loan/line of credit. All Tailored Lending loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Tailored Lending loans/lines of credit may not be available in all locations. Rates, terms, and programs are subject to change without notice. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is a Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. The proceeds from a Tailored Lending loan/line of credit (including draws and other advances) may not be used to purchase, trade, or carry margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

Residential mortgage loans/home equity lines of credit are offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. With the exception of the pledged-asset feature, an investment relationship with Morgan Stanley Smith Barney LLC does not have to be established or maintained to obtain the residential mortgage products offered by Morgan Stanley Private Bank, National Association. All residential mortgage loans/home equity lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Rates, terms, and programs are subject to change without notice. Residential mortgage loans/home equity lines of credit may not be available in all states; not available in Guam, Puerto Rico and the U.S. Virgin Islands. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is an Equal Housing Lender and Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. Nationwide Mortgage Licensing System Unique Identifier #663185. The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade or carry eligible margin stock; repay margin debt that was used to purchase, trade or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.