

Issue #16: Year-End Financial Planning: Making the Most of the Time Remaining

As the end of the year approaches, attention naturally shifts toward the holidays, family gatherings, and plans for the year ahead. But the final weeks of the calendar also present an important opportunity to revisit financial decisions that may have lasting implications.

While thoughtful financial planning should take place throughout the year, certain opportunities are tied to the calendar. Once December 31st passes, some decisions can no longer be made retroactively.

The objective isn't to make changes simply because the year is ending. Rather, it's to identify opportunities that may strengthen your financial position, improve tax efficiency, or better align your financial decisions with your long-term goals.

Planning Opportunities Worth Reviewing

1. Review Your Investment Portfolio for Tax-Loss Harvesting Opportunities

Market fluctuations can create opportunities to realize investment losses that may offset realized capital gains elsewhere in your portfolio.

Tax-loss harvesting can be particularly valuable for investors who have recognized significant gains during the year. However, investment decisions should not be driven by taxes alone. It's important to consider your overall asset allocation, investment outlook, and the wash-sale rules before making changes.

2. Evaluate Charitable Gifting Strategies

For individuals and families who are charitably inclined, year-end can be an appropriate time to evaluate how and when contributions are made.

Donating appreciated securities, contributing to a donor-advised fund ("DAF"), or coordinating charitable gifts with other taxable events may offer advantages over simply writing a check.

The appropriate strategy depends on your circumstances, including whether you itemize deductions, the assets available for gifting, and your broader charitable objectives.

3. Review Retirement Contributions & Required Distributions

Year-end is a good time to confirm whether you're taking full advantage of available workplace retirement savings opportunities.

For those subject to required minimum distributions ("RMDs"), it's also important to confirm that the appropriate amounts have been distributed before the applicable deadline.

Not all retirement contribution deadlines are December 31st. For example, eligible IRA contributions for the 2026 tax year can generally be made until the April 2027 tax-filing deadline. Workplace salary deferrals, however, typically need to be completed through payroll by year-end.

4. Consider How Changes in Your Financial Situation May Affect Your Taxes

A significant change in your financial circumstances can create planning opportunities that may not exist in a typical year.

For example, retiring, changing careers, receiving a substantial bonus, or experiencing a temporary reduction in income can meaningfully change your tax situation. Depending on the circumstances, these events may create opportunities to accelerate or defer income, convert traditional retirement assets to a Roth IRA, or take advantage of a temporarily lower tax bracket.

The key is to recognize these opportunities before the year ends, when there still may be time to act.

Importantly, the goal isn't necessarily to pay the least amount of taxes this year. It's to make decisions that improve your overall tax position over time.

5. Revisit Major Financial Decisions & Upcoming Cash Needs

Before entering a new year, consider whether any anticipated expenses or financial commitments warrant attention.

A planned home purchase, college tuition payment, significant tax obligation, or upcoming business investment may influence how much cash you should maintain and how the remainder of your portfolio is invested.

Identifying these needs in advance can help avoid having to sell investments unexpectedly or make important financial decisions under pressure.

Practical Planning Considerations

As the year draws to a close, consider asking yourself:

- Have I realized capital gains or losses that create tax-planning opportunities?
- Am I making the most of available retirement savings opportunities?
- Are there charitable contributions I would like to make before year-end?
- Have changes in my income or financial circumstances created new tax considerations?
- Do I have any required distributions or other financial obligations due before December 31st?
- Are there any significant expenses/commitments that should influence my planning?

Not every strategy will be relevant to every individual or family. The value of a year-end review is in identifying the decisions that matter most to your particular circumstances.

Looking Ahead

The end of the calendar year creates a natural opportunity to evaluate what has changed and what may still deserve attention. Some decisions can wait until January. Others cannot.

Taking time now to review the opportunities available to you can help ensure that important deadlines aren't overlooked and that financial decisions made today continue to support your longer-term objectives.

Thanks for reading this issue of **Well Advised**. We hope this month's discussion encourages you to consider whether there are any financial planning opportunities worth addressing before year-end. If you'd like to review your particular circumstances or discuss any of the strategies highlighted, we'd be happy to connect.



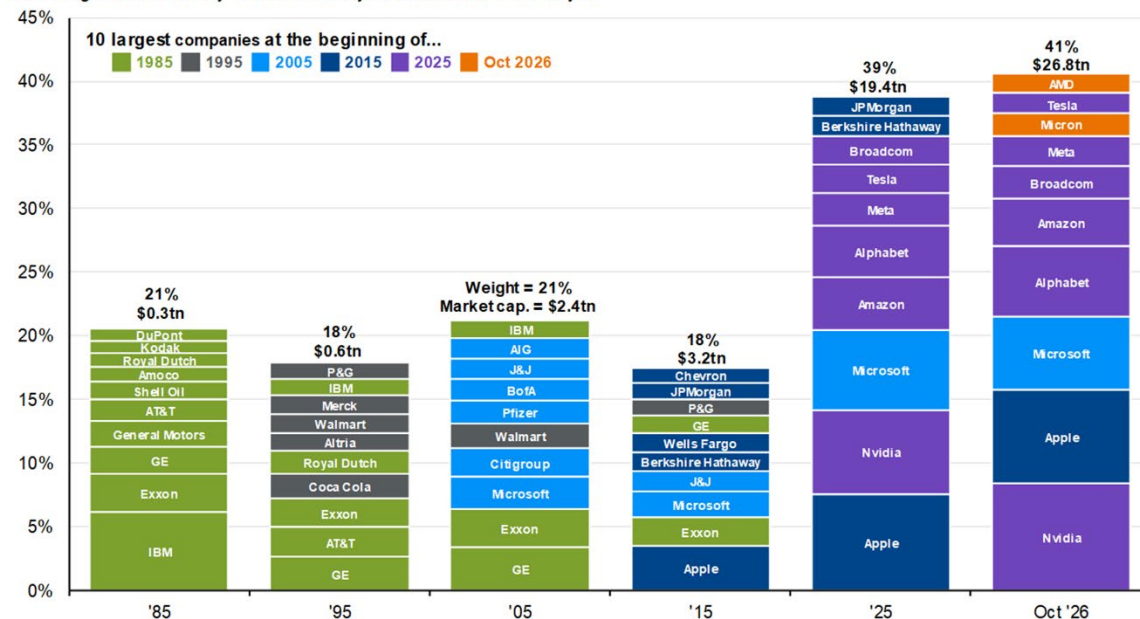
Adam J. Murray, CFP®, CPM®
Managing Director, Wealth Management
Financial Advisor & Family Wealth Director
Global Sports & Entertainment Director
Senior Portfolio Management Director
The Murray Legacy Group at Morgan Stanley

Chart of the Month: Is the S&P 500 the Right Benchmark for Your Portfolio?

The S&P 500 is one of the most widely followed measures of stock market performance. But as the composition of the index has evolved, an important question has emerged: Is it always the most appropriate benchmark for evaluating investment results.

Top 10 companies in the S&P 500

Index weight on the first day of the indicated year and month for current year



Source: Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Explaining the Graphic

The chart illustrates how the concentration of the S&P 500 has changed over the past four decades.

In 1985, the ten largest companies represented approximately 21% of the index. By October 2026, that figure had increased to approximately 41%, with much of the index's weight concentrated in a relatively small group of large technology and technology-related companies.

That means that the performance of a handful of companies can have an outsized influence on the performance of the overall index.

Importantly, the S&P 500 remains a useful measure of large-cap U.S. stocks. However, it does not represent every asset class or investment strategy, nor does it necessarily reflect the composition of a diversified portfolio.

Our Perspective

Investors often compare their portfolio's performance to the S&P 500 simply because it's the index they hear about most frequently.

But a portfolio that includes international stocks, smaller companies, bonds, and other investments is intentionally constructed differently from the S&P 500. Comparing the two without acknowledging those differences can create unrealistic expectations about performance.

Consider this: Would you intentionally construct your entire investment portfolio with approximately 40% of its value concentrated in just ten companies, many of which are technology or technology-related companies?

For many investors, the answer would be no. Yet that is effectively the exposure represented by the ten largest companies within today's S&P 500. If you wouldn't construct your portfolio this way, why would you use the S&P 500 as the benchmark for evaluating its performance?

That doesn't make the index inherently good or bad. It simply reinforces the importance of understanding what an index measures before using it to evaluate an investment strategy.

To us, the most meaningful benchmark is one that reflects what your portfolio is designed to accomplish, not simply the index that receives the most attention.

You Asked, We Answered

Each month the newsletter will include a reader-submitted question and our take on it. If there's a topic you'd like us to explore – or something you've been wondering about – we'd love to hear from you.

Question: “Should I freeze my credit?”

Our Take:

A credit freeze is one of the simplest steps you can take to help protect yourself against identity theft, even if you've never experienced fraud.

When you freeze your credit, you restrict access to your credit reports, making it more difficult for someone to open a new credit card, loan, or other credit account in your name without your knowledge.

Importantly, freezing your credit does not affect your credit score, prevent you from using existing credit cards, or interfere with your ability to manage existing accounts.

A credit freeze is also free, and you can temporarily lift it whenever you need to apply for a mortgage, car loan, credit card, or other form of credit.

To establish a freeze, you'll need to contact each of the three major credit bureaus individually:

- **Equifax:** www.equifax.com
- **Experian:** www.experian.com
- **TransUnion:** www.transunion.com

Additionally, qualifying Morgan Stanley clients may have access to complimentary identity and credit monitoring services through Experian. If you're interested in learning more about this benefit or determining your eligibility, please reach out to our team.

One important distinction: a credit freeze helps protect against new accounts being opened fraudulently, but it does not prevent all forms of identity theft, including unauthorized activity on existing accounts. Regularly reviewing your financial statements and monitoring your credit reports remain important precautions.

Our Perspective:

Given that a credit freeze is free, does not affect your credit score, and can be lifted when needed, it's a precaution worth considering regardless of whether you've experienced identity theft.

Thanks for reading this issue of **Well Advised**. If you'd like to submit a question for a future edition – or talk more about anything we covered today – we'd love to hear from you. Let's keep the conversation going.

Meet the Murray Legacy Group

Attorney Team



Adam J. Murray, CFP®, CPM®
Managing Director, Wealth Management
Financial Advisor & Family Wealth Director
Global Sports & Entertainment Director
Direct: 610-260-7009
Adam.Murray@morganstanley.com
NMLS #2317486



Philippa J. Lumsden, CFP®
Vice President, Wealth Management
Financial Advisor
Financial Planning Specialist
Direct: 610-260-7044
Philippa.Lumsden@morganstanley.com
NMLS #2317486

Corporate Executive Team



Brian J. Degnan, CFP®
Senior Vice President, Wealth Management
Financial Advisor & Senior Portfolio Management Director
Direct: 610-260-7011
Brian.Degnan@morganstanley.com
NMLS #1456519



David P. Drea, CFP®
Financial Advisor, Wealth Management
Workplace Advisor – Equity Compensation
Financial Planning Specialist
Direct: 610-260-7013
David.Drea@morganstanley.com
NMLS #2056666

Sports & Entertainment Team



Adam J. Murray, CFP®, CPM®
Managing Director, Wealth Management
Financial Advisor & Family Wealth Director
Global Sports & Entertainment Director
Direct: 610-260-7009
Adam.Murray@morganstanley.com
NMLS #2317486



Katelyn E. Goodwin
Financial Advisor, Wealth Management
Financial Planning Specialist
Direct: 401-845-3514
Katelyn.Goodwin@morganstanley.com
NMLS #2631787



Matthew C. Carroll
Financial Advisor, Wealth Management
GSE Associate Director
Direct: 610-260-7464
Matthew.Carroll@morganstanley.com
NMLS #2806914

Support Professionals



Samantha L. Staudt
Business Development Associate
Financial Planning Specialist
Direct: 610-260-7045
Samantha.Staudt@morganstanley.com



Amara M. Mulloy
Registered Client Service Associate
Direct: 610-260-7348
Amara.Mulloy@morganstanley.com



Brett M. Mallee
Registered Client Service Associate
Direct: 610-260-7273
Brett.Mallee@morganstanley.com



Sabine M. de Ruijter
Client Relationship Analyst
Financial Planning Specialist
Direct: 610-260-7272
Sabine.De.Ruijter@morganstanley.com



Olivia C. Kelley
Client Service Associate
Direct: 610-260-7212
Olivia.Kelley@morganstanley.com

Disclosures

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. **Past performance is no guarantee of future results.**

This material has been prepared for informational purposes only. It does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley Smith Barney LLC ("Morgan Stanley") recommends that investors independently evaluate particular investments and strategies and encourages investors to seek the advice of a Morgan Stanley Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. **Past performance is no guarantee of future results**

Morgan Stanley Global Sports & Entertainment is a highly specialized wealth management division, dedicated to serving the unique and complex needs of athletes, entertainers, creators and top professionals in the sports and entertainment industry.

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

Life insurance, disability income insurance, and long-term care insurance are offered through Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

This material contains forward-looking statements and there can be no guarantees they will come to pass. The information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed by Morgan Stanley as to accuracy or completeness.

Tax-loss harvesting. IRS rules stipulate that if a security is sold by an investor at a tax loss, the tax loss will not be currently usable if the investor has acquired (or has entered into a contract or option on) the same or substantially identical securities 30 days before or after the sale that generated the loss. This so-called "wash sale" rule is applied with respect to all of the investor's transactions across all accounts.

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 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 visit us at <http://www.morganstanleyindividual.com> or consult with your Financial Advisor to understand these differences.

Asset Allocation and diversification do not assure a profit or protect against loss in declining financial markets.

The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization US stocks. **An investment cannot be made directly in a market index.**

This communication may contain links to third party websites that are not affiliated with Morgan Stanley. The inclusion of any link is not and does not imply an affiliation, sponsorship, endorsement, or approval, Morgan Stanley of any information contained in any third-party website. Furthermore, no information contained in the site constitutes a recommendation by Morgan Stanley to buy, sell, or hold any security, financial product, particular account, or instrument discussed therein. You should also be aware that the terms and conditions of such site and the site's privacy policy may be different from those applicable to your use of any Morgan Stanley website.

Services listed are provided by third parties, not Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Morgan Stanley makes no representations regarding the appropriateness or otherwise of the products or services provided by any Services Provider(s). There may be additional service providers who offer this service, and you may wish to identify such other providers for comparative purposes. Morgan Stanley recommends that you interview such Service Provider(s), do thorough due diligence, and make your own independent decision

Morgan Stanley Smith Barney LLC. Member SIPC.

CRC 6048781 | 10/26