

Morgan Stanley



# Legacy and Estate Planning

## Agenda

Building A Plan

---

Identifying Your Choices

---

Planning for the Unexpected

---

Giving Strategically

---

The Bottom Line

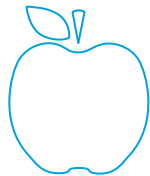
---

# Everyone has a Unique Vision for Their Legacy

## A Legacy May Encompass Many Things



ESTATE  
PLANNING



NEXT  
GENERATION  
EDUCATION



PHILANTHROPIC  
GOALS



MAINTAINING  
FAMILY HARMONY

Morgan Stanley

SECTION 1

---

# Building A Plan

Your Legacy

## Effective Planning Can Make a Difference



Estate planning is generally a strategy designed to protect, manage, and distribute your assets **during and after** your lifetime, while helping to minimize taxation.

---

**A successful estate plan will help protect your legacy and the people who are most important to you.**

### An Estate Plan Can



Protect your assets and aid you in preparing for the unexpected.



Help you plan for your goals.



Support you in investing in people and causes you care about.



Reduce unnecessary administrative expenses, taxes, and family conflicts when you pass away.

## Start by Thinking About Your Goals



Legacy planning isn't just for older people. You can consider how to provide for people and causes you care about while balancing your own goals at any age.

Life happens quickly. Make it a priority to coordinate your financial and estate plans.



TRAVEL

---



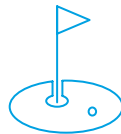
START OR FUND A BUSINESS

---



GIVE TO CHARITY

---



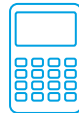
RETIRE ON YOUR TERMS

---

## Build Your Support Team



To help you assess your options and prepare your next steps, there are professionals who specialize in estate planning.



### ACCOUNTANT

Advises you on tax tactics and strategies that are specific to your financial situation.



### ATTORNEY

Safeguards you and your family's interests. Can objectively and unemotionally deal with complex issues that may arise.



### FINANCIAL ADVISOR

Helps you understand your assets and your cash flow needs. Identifies strategies to help you with your long-term objectives, like retirement or education planning.



### AGENTS OR FIDUCIARIES

You may elect to ask friends or family members to play a role in ensuring your legacy. This may include trustees, guardians, healthcare proxies, executors and more. These roles are generally created in documents you execute (e.g. wills, trusts)

## Structuring Your Plan Requires Forethought



Estate planning can be an uncomfortable topic for some, but thoughtful planning and communication can keep your family on the same page as your situation evolves.

Setting Expectations Early and Often Can Help With Any Transitions and Prepare Your Family For The Future.



### ESTATE STRUCTURE

Your estate plan can help your entire family feel confident on a path forward.



### PREPARING FOR THE UNEXPECTED

Insurance may play an important role in protecting you and your family.



### PHILANTHROPIC GOALS

A clear articulation of the causes you support can help define your legacy.



Morgan Stanley

SECTION 2

---

# Identifying Your Choices

Your Legacy

## Four Crucial Estate Planning Documents

Estate plans may include the following documents that outline your wishes.



### **LAST WILL AND TESTAMENT AND/OR REVOCABLE TRUST**

Names a representative whom you want to handle your affairs/assets after you pass and states how you want your assets distributed. The Trustee of a revocable trust can manage assets in the trust before and/or after you pass away.



### **DURABLE FINANCIAL POWER OF ATTORNEY**

Appoints the person (your agent) whom you want to make financial decisions on your behalf if you are unavailable or no longer able to make them for yourself. This document may take effect immediately or on the occurrence of a future event.



### **DURABLE HEALTHCARE POWER OF ATTORNEY**

Identifies the person (your health care agent), whom you want to make health care decisions on your behalf when you are no longer able to make them for yourself.



### **LIVING WILL**

Expresses your end-of-life or health treatment wishes, which will guide the action of your health care agent appointed under your health care directive or health care power of attorney.

# Estate Structure Options



**An effective estate plan can help preserve your wishes while balancing the needs of your entire family.**



## DIRECT GIFTS OR BEQUESTS

### PROS

- ✓ Simplicity
- ✓ Low/no cost to implement

### CONS

- ✗ Beneficiary may not be prepared to or capable of managing assets



## TRUSTS

### PROS

- ✓ Your wishes can be fulfilled as intended and exactly as you describe

### CONS

- ✗ More expensive to implement
- ✗ Estate planning attorney services are required

# The Basics On Trusts



## WHO'S WHO

The **Grantor** creates the trust for the **Beneficiary** – the individual(s) designated to receive or benefit from the assets.

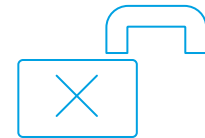
The Grantor appoints a **Trustee** who accepts the assets into the trust and manages the trust and ensures that the provisions of the trust are carried out as intended.

Trusts can be used to transfer assets. A trust will remain a private document after you're gone.

## ASSETS THAT CAN BE PUT INTO A TRUST INCLUDE

- Investments
- Stocks and stock options
- Business interests
- Life insurance policies
- Cash
- Real estate

## THERE ARE TWO GENERAL TYPES OF TRUSTS



Revocable Trust



Irrevocable Trust

## Revocable Trusts



### REVOCABLE LIVING TRUST

You can more easily change the terms of the trust, transfer assets to or from the trust, or revoke the trust while you're alive.

Because you still control the assets, they are considered part of your estate for some purposes and may be ***subject to both state estate or inheritance taxes (if applicable) and federal estate taxes*** at the time of death.



### PRACTICAL BENEFITS

Revocable trusts can help you avoid probate.

**Probate** is the court process necessary to validate a will and appoint a representative who will have legal authority to manage your assets after death.

A local court typically may oversee the administration of the estate after probate to ensure that all debts and taxes are paid ***before*** any distributions are made. An accounting may be required to be submitted.

## Irrevocable Trusts



### IRREVOCABLE TRUST

Once the trust has been formed and funded, you no longer own the assets and generally can no longer make any changes to the terms of the trust. The assets now belong to the trust.

In this case, the assets generally are not considered part of your estate and are ***NOT subject to federal estate tax***. However, assets transferred to a trust may be subject to federal gift tax.



### PRACTICAL BENEFITS

Irrevocable trusts may provide the trust's assets protection from creditors or legal judgments of the grantor or beneficiary because neither the grantor nor the beneficiaries own the assets.

The strategic use of irrevocable trusts may help preserve access to government benefits, especially for individuals with disabilities.

Sophisticated gifting strategies can also be managed via irrevocable trusts.

## Why Create A Trust?



Not everyone needs a trust, but it's a good option for many. A trust may be expensive to set up, but it can offer more discretion and control in certain situations.

Talk to a trusted professional to learn more about your options.

Depending on the type of trust you establish, you may be able to



**Protect** your privacy because the trust document remains private after your death.



**Simplify** probate and minimize the administrative fees associated with that process.

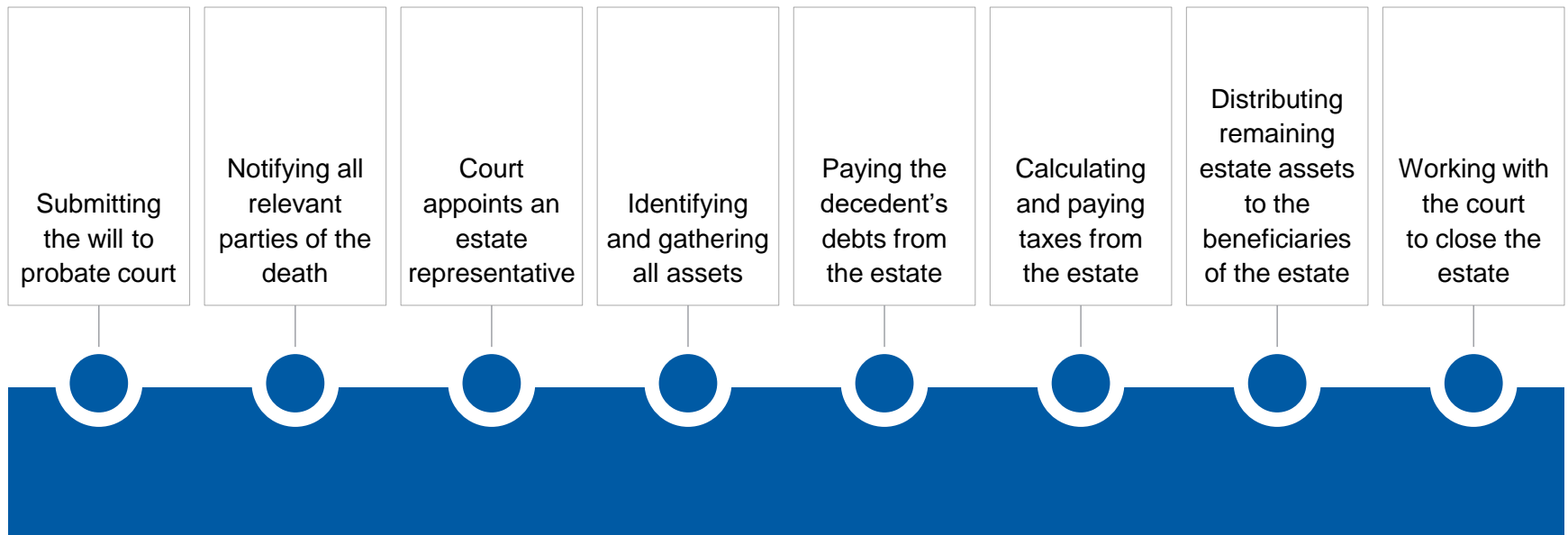


**Gift** assets to individuals or charities subject to the terms you wish.

## Choosing An Executor

An executor is named in the Will and is responsible for managing the affairs and the administration of deceased person's estate. Often the executor is a trusted family member but it can be a professional.

### Responsibilities are Largely Chronological and Include





## Selecting A Trustee

### WHO TO CHOOSE AS A TRUSTEE?

#### TRUSTED FRIEND OR RELATIVE

Caring and has a personal interest

#### PROFESSIONAL TRUSTEE

Time, ability and experience to manage assets, keep records, pay bills, make distributions, prepare tax returns and assume fiduciary responsibilities

If your plan calls for a trustee, he or she should have the time, skill, judgment and objectivity to fulfill the role. Responsibilities may include

#### INVESTMENT MANAGEMENT



Overseeing the selection of trust assets to provide liquidity and income in various market conditions, and maintaining the portfolio.

#### SOUND JUDGMENT



Distributing income and principal for qualified purposes and being responsive to requests from your beneficiaries.

#### TAX MANAGEMENT



Preparing trust tax returns and executing tax-loss harvesting or other tax management investment strategies, as appropriate.

Morgan Stanley

SECTION 3

---

# Planning for the Unexpected

Your Legacy

# Life Happens



Unexpected events can occur at any time, and there are best practices in estate planning that can help your family feel more prepared.



MEDICAL EMERGENCIES

---



SIGNIFICANT MARKET MOVEMENTS

---



LEGAL PROCEEDINGS

---



MILESTONE LIFE EVENTS

---

# Life Insurance<sup>(1)</sup> Can be a Key Part of Estate Planning

## Term Life Insurance

- Only active for a certain time period (usually 10–30 years)<sup>(1)</sup>
- If you die during that time period, your beneficiaries get the payout

## Permanent Life Insurance

- Active for full life of policy holder<sup>(1)</sup>
- Different variations within this category in terms of premiums and beneficiary payouts

## Common Payout Uses Include



### Final costs

Funeral, outstanding medical bills, settlement costs, etc.



### Future

**education costs**  
Children, grandchildren, others



**Paying off debt or replacing income of the deceased**



**Federal or state estate taxes**



**Inheritance**



**Charitable contributions**

Source: <https://www.iii.org/article/what-are-principal-types-life-insurance>

1. assuming all required premiums are paid

## How Much Life Insurance Do You Need?

Your insurance needs will vary based on your personal and financial circumstances.

Speak to a professional if you need help determining what's best for you and your beneficiaries.

Typically, people aim for a life insurance policy that pays 10–15 times their annual income.

**Financial Obligation** (expenses + debt)



**Liquid Assets**



**How Much Life Insurance You May Need**  
(aka “Coverage Gap”)

Source: <https://www.policygenius.com/life-insurance/how-much-life-insurance-do-i-need/>

## SECTION 4

---

# Giving Strategically

Your Legacy

## Practice Smart Philanthropy



Giving is not just about making a donation.

It's about making a difference.

– Kathy Calvin

### Tips for Smart Philanthropy



Create a mission statement



Consider alternative ways to contribute to your charity of choice using time and talent (not just treasure)



Do your homework on charitable organizations



Consider designating a charity as a beneficiary of a trust or life insurance policy

## Identifying Who You Want To Support – Your Family, Your Friends, or An Organization – Can Help You Determine The “How”

**Direct bequests** can ensure that people and causes you care about continue to be supported. For example:

- ✓ Support an animal shelter
- ✓ Donate to a religious cause

Some organizations have giving offices to help donors strategically gift, so you can



**ENDOW A  
SCHOLARSHIP**



**ENSURE  
NAMING RIGHTS**

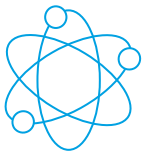


**MINIMIZE  
FEDERAL AND  
STATE ESTATE  
TAXES**



## Be Strategic with Giving

It may help to think about philanthropic dollars in three buckets



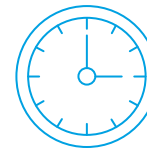
### CORE

Organizations, causes or themes tied to your primary passions



### COMMUNITY

Causes you want to support because of where you live or your network (e.g., your alma mater, a local art museum, a friend's nonprofit, etc.)



### IMPULSE GIFTS

Time-sensitive causes you don't see coming and can't plan for (e.g., disaster relief or fundraising events)

## Investment Structures Specifically for Giving

**If you have a philanthropic interest, pairing charitable gifts in big income tax years can be strategic and impactful.**

### **DONOR-ADVISED FUNDS**

---

A [donor-advised fund](#) is a charitable giving vehicle owned and controlled by a public charity, created to manage charitable donations on behalf of organizations, families and individuals. The charity manages all the administrative duties, but the donor recommends how the funds are used over time.



It may be beneficial to fund a donor-advised fund in peak income years, so that you receive the immediate tax deduction but can continue to spread your giving out over time.

## The Nitty-gritty on Gifting

As of 2025, you can gift up to \$13.99 million during your lifetime without paying federal gift taxes. **Remember: Stock gifts count too!**

---



The annual gift tax **exclusion is \$19,000** per recipient and is not subject to the federal gift tax. If you give any one individual **more** than \$19,000 in one year, the excess amount may count against your lifetime federal gift tax exemption.



If you're married, your lifetime federal gift tax exemption and annual exclusion double to \$27.98 million and \$38,000 per beneficiary (if you and your spouse elect to split gifts in a given calendar year).



You can give as much as you want to your spouse in your lifetime without paying gift tax, as long as he or she is a U.S. citizen.

## The Nitty-gritty on Gifting (continued)

### Some Gifts That May be Tax-exempt

---



Gifts to IRS-approved charities

---



Gifts to your spouse (if they're a U.S. citizen)

---



Gifts to cover tuition, if paid directly to the educational institution (excludes books, supplies, or room & board)

---



Gifts to cover medical expenses, if paid directly to the medical facility

Source: [Estate and gift taxes | Internal Revenue Service](#)

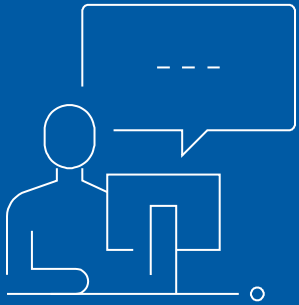
Morgan Stanley

SECTION 5

---

# The Bottom Line

Your Legacy



There are a lot of choices to make,  
but ultimately your thinking should be  
documented and communicated.

And you can make adjustments  
as your situation evolves.

## Estate Planning Objectives

Your estate plan should



Provide liquidity needed for federal and state estate taxes and expenses, if any



Consider the impact of federal, state and local income, gift and estate taxes



Specify philanthropic wishes



Reduce the likelihood of family disputes



Protect privacy and avoid distribution delays

## Communicate, Communicate, Communicate

Discuss your plans with people who matter to you.

PARTNER





PARENTS AND/OR CHILDREN

TRUSTED FRIENDS

PROFESSIONALS



# Checklist

WHAT TO DO	WHO CAN HELP
<div></div> <div><b>Create an estate plan which may include:</b><ul style="list-style-type: none"><li>• Living will</li><li>• Last will and testament and/or revocable trust</li><li>• Power of attorney</li><li>• Health care directive</li></ul></div>	<div><i>Estate Attorney</i></div>
<div></div> <div><b>Identify people who you want to play a key role, and talk to them about your wishes</b></div>	<div><i>Estate Attorney, Financial Advisor</i></div>
<div></div> <div><b>Determine whether you need to establish one or multiple trusts</b></div>	<div><i>Estate Attorney, Tax Advisor</i></div>
<div></div> <div><b>Develop a giving strategy and philanthropic mission statement</b><ul style="list-style-type: none"><li>• Identify the organizations you feel passionately about</li></ul></div>	<div><i>Financial Advisor, Tax Advisor</i></div>

## The Bottom Line



### GET ORGANIZED

Think about your goals and understand your financial situation so you can create a realistic vision of your legacy.



### BUILD YOUR TEAM

Identify an accountant, estate attorney, tax advisor, and financial advisor who can help you understand your options.



### CONSIDER YOUR CHOICES

As you go through this process, you will have to make a lot of decisions. Walk through them one by one and remember you have your team to help.



### DOCUMENT YOUR PLAN

Once you have determined your path forward, work with your estate attorney to document your plan and enlist the rest of your team to begin implementation.



### COMMUNICATE

As you determine what you want your legacy to look like, maintain an open dialogue with your family and your team to help everyone remain on the same page.

## Disclosures

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

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and 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, charitable giving, philanthropic planning and other legal matters.

This material has been prepared for informational purposes and educational purposes only and is subject to change at any time without further notice. Information contained herein is based on data from multiple sources and Morgan Stanley Smith Barney LLC ("Morgan Stanley") makes no representation as to the accuracy or completeness of data from sources outside of Morgan Stanley Smith Barney LLC. It does not provide individually tailored investment advice. Be aware that the particular legal, accounting and tax restrictions, margin requirements, commissions and transaction costs applicable to any given client may affect the consequences described, and these analyses will not be appropriate to discuss with every client. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

Tax laws are complex and subject to change. This information is based on current federal tax laws in effect at the time this was written.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. Companies paying dividends can reduce or stop payouts at any time.

Life insurance, disability income insurance, and long-term care insurance are offered in conjunction with Morgan Stanley Smith Barney LLC's ("Morgan Stanley") licensed insurance agency affiliates. Not all products and services discussed herein are available through Morgan Stanley's licensed insurance agency affiliates.

Please note that by clicking on a URL or hyperlink in this presentation you will leave a Morgan Stanley Smith Barney LLC website and enter another website created, operated and maintained by a different entity. Morgan Stanley Smith Barney LLC is not implying an affiliation, sponsorship, endorsement with/of the third party or that any monitoring is being done by Morgan Stanley of any information contained within the linked site; nor do we guarantee its accuracy or completeness. Morgan Stanley is not responsible for the information contained on the third-party web site or the use of or inability to use such site.

©2025 Morgan Stanley Smith Barney LLC. Member SIPC.

CRC 4246765 06/2025

## Disclosures

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 maintenance calls on short notice, and that market conditions can magnify any potential for loss. For details and disclosures please refer to <https://www.ms.com/liquidityaccess>

Important Risk Information for Securities Based Lending: 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. 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.

Morgan Stanley does not assist with buying or selling art in any way and merely provides information to clients interested in learning more about the different types of art markets at a high level. Any client interested in buying or selling art should consult with their own independent art advisor.

This material has been prepared for informational purposes only. It does not provide investment advice or any advice regarding the purchase and/or sale of any artwork. The information contained herein is from multiple sources deemed to be reliable but is not guaranteed and do not necessarily reflect the views, opinions or advice of Morgan Stanley Smith Barney LLC ("Morgan Stanley") or its affiliates. Morgan Stanley is not responsible for the information or data contained in this material. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. It is not a recommendation to purchase or sell artwork nor is it to be used to value any artwork. Investors must independently evaluate particular artwork, artwork investments and strategies, and should seek the advice of an appropriate third-party advisor for assistance in that regard, as Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide advice on artwork.

©2025 Morgan Stanley Smith Barney LLC. Member SIPC.

CRC 4246765 06/2025