

Early Accumulator Financial Checklist

The Perspective Group at Morgan Stanley

Life is about change. As you progress through different stages of your personal and professional life, you will face a succession of financial opportunities and challenges. Your financial goals and priorities may shift or evolve, and your wealth management strategies will need to adapt to keep pace.

Throughout your life, you will move through four stages of wealth: Accumulation, Preservation, Utilization and Transfer. These stages overlap, and the transition between stages may be gradual. Your path through the wealth management cycle is rarely linear and transitions can be abrupt. Given these intricacies, you need comprehensive, customized wealth management strategies that match your lifestyle and your career trajectory.

Here is an approach to thinking about – and planning for – your future and family during every chapter of your personal and professional journey.

To get started, review the Early Accumulator Financial Checklist. The checklist is organized into 12 categories centered on helping you preserve your wealth against future market disruptions.

EARLY ACCUMULATOR FINANCIAL CHECKLIST

1. Portfolio Review

- Define risk profile
- Active investing only, passive investing only or a combination?
- How do you ensure that the portfolio is optimized to avoid impairments/underperformance over time?
- What performance impairments may impact spending?
- What is the role of diversification in the portfolio?
- How do you diversify across asset classes? How many asset classes and why?
- What is the role of a concentrated portfolio in diversification? What research supports this strategy?
- What is the role and reason for alternative investments as diversifiers in the portfolio?

2. Financial Planning

- Define long-term financial goals
- Perform a Monte Carlo analysis of goals
- Budget and savings strategy: determine how savings and sacrifices influence long-term goals
- College spending plan: How does the client balance 529/savings/scholarship/student plans? How do you equalize spending if children have different college expenses?

3. Retirement Spending Plan

- Set core spending needs (“must haves”)
- Set surplus spending needs (“nice to haves”)
- Set project spending needs (e.g. start a business or buy a property)
- Set contingency fund
- Determine Social Security strategy
- Determine the vision of retirement
- Employer-sponsored retirement plan: refine strategy
- Any additional retirement accounts?

4. Legacy Goals

- Define family gifting goals and philanthropic gifting goals
- Spending and legacy gap analysis: define current and needed resources for spending and legacy; what gaps remain, and how will they be addressed?

5. Irrevocable Living Trust (if applicable): protect assets from the impact of taxes

6. Education Goals: establish 529 accounts for children (engage grandparents/extended family)

7. Budgeting: Cash & Liability Management

- Budget review: Optimize borrowing/asset-based lending
- Review loans and mortgages with consideration of long-term spending plan
- Banking: Is there a line-of-credit strategy?
- Tax strategy review: personal and business

8. Insurance review

- Set life insurance strategy: Include life insurance/income replacement?
- Review home insurance for replacement cost coverage, especially in areas with rapidly escalating replacement costs
- Review health, disability and umbrella insurance policies for coverage amounts
- Review all beneficiaries for all plans (including defined contribution)
- Perform expanded insurance review: traveler’s insurance, pet insurance, inventory of vehicles and hard assets

9. Health Savings Account (HSA) (if applicable)

- Set strategy for accumulating assets in HSA for later use
- Establish policy of saving all health-related expenses for later reimbursement

10. Medical Screening and Preventative Healthcare Plan: Consider a comprehensive diagnostic service, such as an Executive Health Assessment; recent research shows there are simple lifestyle changes that people can make to significantly improve their quality of life and reduce their risk of early mortality

11. Estate Planning

- Discuss advance medical directives and durable power of attorney for medical and financial decisions for adults and children; consider sharing with godparents and other adults of influence
- Update all wills, executors and durable powers of attorney
- Consider adding an ethical will to enrich the understanding of what this money means to the extended family
- Establish medical power of attorney for adult children
- Establish inheritance/intergenerational gifting strategy (discuss with grandparents): include Roth IRA(s) with grandchildren as beneficiaries

12. Safety and Documentation

- Set strategy for identity theft protection
- Collect next of kin/family contact permissions
- Collect a record of safes, storage units and safe deposit boxes as well as accessibility for each
- Collect records of all accounts, computer files, passwords, photos of personal property, inventory of vehicles and confirmation of financing and ownership

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