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Financial Uncertainty Preparedness 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 Financial Uncertainty Preparedness Checklist. The checklist is organized into 11 categories centered on helping you preserve your wealth against future market disruptions.

FINANCIAL UNCERTANTY PREPAREDNESS CHECKLIST

1. Uncertainty Preparedness: establish savings account with at least six months' worth of expenses

2. Portfolio Review

- Define risk profile
- Define the roles of active and passive investing in your portfolio
- 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?

3. Financial Planning

- Define long-term financial goals
- Perform a Monte Carlo analysis of goals; establish the baseline likelihood of success and tracking
- Budget and savings strategy: determine how savings and sacrifices influence long-term goals; establish a monthly savings goal
- College spending plan (if applicable): establish 529 account(s); how do you balance 529/savings/scholarship/student plans? How do you equalize spending if children have different college expenses?
- Are you saving for a wedding or major event?
- Do you plan to keep the existing home, buy or rent a short-term domicile, and/or move now or later to a retirement location? What are the titling implications of the client's goals?
- Are you planning to help adult children financially and/or provide annual gifting? If so, when and how much?

4. Retirement Planning

- Define the vision of retirement, including a spending plan; how will you generate cash flow in retirement?
- Review employer-sponsored retirement plan: refine investment strategy
- Refine holistic investment approach; do you have additional retirement accounts?

5. Legacy Goals

- Define family gifting goals and philanthropic gifting goals
- 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. Insurance Review

- Establish 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

8. 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

9. 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

10. Basic 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
- Extended family strategy: establish inheritance/intergenerational gifting strategy (discuss with grandparents); include Roth IRA(s) with grandchildren as beneficiaries
- Engage a specialist for advanced estate planning

11. Cybersecurity, Identity Theft, 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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