

## Wealth Management # 1 - Overview

Wealth Management is the step-by-step process that coordinates all the moving parts of your financial life so they work together to help you achieve your financial and life goals.

People face more financial challenges than ever, from building their wealth, to protecting it, using it to fund retirement, and passing it on to heirs and charities. Not only are all of these goals inter-related with an action in one area having an effect on a different area, there are also many distractions and obstacles in your path that can hinder you from taking action. Therefore a coordinated approach to managing your wealth is essential, and the benefits of doing it well can be enormous.

However, we all live different lives. Therefore financial plans are individual, and what works for one person may not be appropriate for someone else. In wealth management, one size does not fit all.

There are five main financial challenges, and an effective wealth management process needs to be able to address all five areas. The five challenges are:

### 1. Wealth Preservation

Growing your wealth and preserving it throughout your entire lifetime is a challenge many people face. How certain are you that you have, or will have, the money you require to meet your needs and live your required lifestyle? For the rest of your life? Your wealth has to last your lifetime, a lifetime that is often longer than those of your parents. Losing money to inflation, bad investments, and/or bad financial decisions wastes the sacrifices you made to create your wealth in the first place, and forces you to reduce your standard of living (or risk running out of money later in life). What's your wealth preservation plan?

### 2. Wealth Enhancement (Mitigating Taxes)

Every dollar of tax you pay is a dollar that is no longer yours to save or to spend. With taxes likely to increase in future, proactively incorporating tax mitigation into a financial plan is essential.

### 3. Wealth Protection

Wealth is not only lost in the financial markets or through inflation. You need to protect against identity theft, investment scams and fraud, litigation, ex-spouses, children's spouses, even catastrophic loss. With America being such a litigious society, it is easy to be sued. What's your wealth protection plan?

## 5. Wealth Transfer

Do you have a plan in place for passing on your wealth to family members either while you're alive or after your death? Is your plan up to date? Does it reflect current estate planning laws? Regardless of whether it's for a college education or a first home for your children while you're alive, or providing for your spouse and other beneficiaries upon your death, people today need to be proactive in their wealth transfer planning. What will your legacy to your family be?

## 4. Wealth Sharing (Charitable Giving)

Many people want to support good causes through gifts to charity. Charitable giving has its own set of challenges. Which charities will provide the biggest impact with your money, and what is the most appropriate way of giving (direct gifts, donor-advised fund, charitable remainder trust, etc.)? Not only should the gifting strategy be set up for maximum effectiveness, it is necessary to ensure your philanthropic objectives are in balance with your other financial goals such as retirement and the long-term security of you and your family.

Each of these challenges can be daunting on its own. However, the challenges are all inter-related. Plotting out a strategy in one area at the expense of the others is therefore a potential recipe for financial failure. Each area needs to be dealt with systematically, while taking an integrated approach to your overall financial situation.

The following white papers in our Wealth Management series will explain the wealth management process that we use for our clients, as well as discussing each challenge in more detail.

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