Morgan Stanley

Wealth Wisdom: Smart Moves for Powersports Dealers – Part 3

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Ask ten ‘wealth managers’ to define wealth management, and you’ll likely receive ten different answers, mostly centered around investing. However, in this article series, we aim to present an alternative, comprehensive definition on wealth management that encompasses a full spectrum of strategies which we call Advanced Planning. While proper investment consulting is crucial for generating portfolio returns, what if we include tax minimization, thoughtful estate planning, and wealth protective strategies as well, to propel your wealth forward? We classify these strategies into four pillars: ***Wealth Enhancement, Wealth Protection, Wealth Transfer and Charitable Giving.*** Join us for a four-part article series where we delve into strategies for wealth planning in each of these crucial areas.

Wealth Management

INVESTMENT CONSULTING	ADVANCED PLANNING	RELATIONSHIP MANAGEMENT
Asset allocation Portfolio management Performance analysis	***Wealth Enhancement***: minimizing tax and optimizing debt. ***Wealth Transfer***: exit planning and proper transfer of wealth to those you care about. ***Wealth Protection:*** strategies to help protect against entities and individuals that unjustly want to get at your money. ***Charitable Giving***: for those that would like to give back, insights on how to maximize the impact of the money you give.	Regular communication and scheduled review calls. Team of professionals, including legal, tax, insurance, and financial advisors, actively quarterbacked for meaningful progress.

WEALTH TRANSFER: WHEN IT'S TIME TO UPDATE YOUR ESTATE PLAN

Estate planning, the process for how you transfer your wealth to heirs and others, can be very important for anyone who wants to be certain that their loved ones are adequately provided for and taken care of.

Chances are, you know this, and have an estate plan in place. But, if you think that your current plan is where it needs to be, you might want to think again. We often find that the estate plans that affluent individuals have in place are more than three years old. Some reasons why that's a potentially big problem are:

- Continual changes in tax laws mean that older estate plans may not take full advantage of current opportunities to transfer assets optimally.
- Tax law changes also could mean that some aspects of an older estate plan are no longer effective.
- Changes in your wealth status mean that your estate plan may no longer accurately reflect your financial situation.
- Changes in your personal and family situation may make your estate plan ineffective in accomplishing what you actually want it to do given those changes.

The upshot: It's a good idea to stay on top of your plan and revise it when appropriate - especially when events occur that could potentially affect your wealth. We believe that strong estate plans involve two key components: technical expertise and the human element.

TECHNICAL EXPERTISE

Exceptional estate planning requires exceptional technical expertise about estate planning laws, rules and strategies (some of which can be very complex). The tools and techniques of exceptional estate planning can range from the basic to the cutting edge. From the technical side, some estate planning strategies and tools you might consider are:

Trusts. In many ways, trusts are often cornerstone solutions for many successful individuals and families. A trust is a means of transferring property using a third party (the trust). Specifically, a trust lets you transfer title of your assets to trustees for the benefit of the people you want to take care of-also known as your designated beneficiaries. The trustee will carry out your wishes on behalf of your beneficiaries.

Partnerships. As with trusts, there are many types of partnerships. They can determine how the partners of a business address ownership issues, and they have varying tax benefits. For example, within the business world, disharmony among family members or unrelated business partners can mean a higher tax bill if the owners are forced to divide assets among the partnership's members. Through the use of sophisticated partnership structures, business owners can divide their companies-and possibly reduce taxes.

THE HUMAN ELEMENT

The true goal of exceptional estate planning is to transfer your wealth in accordance with your wishes. The role of an estate is to make it possible for you to achieve your desired agenda and to be as tax efficient as possible in pursuit of that agenda. That's where the human element comes into play. While technical expertise is absolutely required, it is the human element, understanding your agenda on a deeper level and then designing a plan around that agenda, that distinguishes exceptional estate planning from merely good estate planning.

That's because today, most estate planning legal strategies and financial products are commonly accessible. So, a big difference among estate plans and planners is the ability to put the pieces together so that you get the results you're seeking.

Clearly then, the estate planner you work with should have a deep understanding of you, your situation, values, goals and concerns. Without that knowledge, the tools themselves (as good as they may be, technically) might not get you what you want because they're not appropriate for the job you want done.

A PROCESS TO FOLLOW

There is a process that we believe can potentially increase your chances of ending up with an estate plan that satisfies both technical and human aspects and reflects your latest thinking on your needs and goals.

1. Start with the end in mind. Start by thinking through what you want to have happen - the outcomes you ideally want to see occur. For each possibility, you'll need to specify what happens to your assets. You'll also need to decide who is in control at different points in time, making decisions such as when your children will have control of the assets.
2. Determine your desired results. Share your desired results in each scenario with an estate planner whom you find to be highly capable. They should be able to come up with ways to enable you to best achieve your preferred results.
3. Make a decision. Based on input and insights from the estate planner, choose a course of action.

4. Implement the plan. Once you have made a decision, the estate planner will formalize everything and create the estate plan.

Important: Don't ignore your plan once it's done. Revisiting an estate plan every few years should be part of your agenda. It's best to think about your exceptional estate plan as being a perpetual work in progress.

If you have any doubts about whether your estate plan is likely to achieve your wishes, consider having a wealth manager review the plan and your particular situation to answer two questions:

- Is the plan likely to deliver the outcomes you currently want?
- Is the plan missing anything that can make it more effective or efficient?

CONCLUSION

Estate planning should be a part of ensuring the outcomes you want in your financial life and the lives of the people you care about most. What's more, your existing estate plan needs to be reexamined every so often and revised if necessary.

To better understand if there are gaps or opportunities to improve your estate plan, our team offers a complimentary service, the Second Opinion Service, a 360-degree review of your dealership and personal financial situation, which includes a review of your wealth transfer and estate planning strategies.

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