

How the Ternion Planning Team at Morgan Stanley thinks about financial planning

The name of the team has its roots in the Greek word ternio, meaning a group of three. For us, this word applies to three phases involved in the lifetime financial planning cycle. These three phases are: accumulation, distribution, and legacy.

In the accumulation phase, income is being earned and portfolios are experiencing inflows. We review your current financial resources and their uses. Our planning work here considers a variety of personal and financial goals you have. We consider what situations might get in the way of achieving them.

The accumulation phase can sometimes be challenging because there is always tension between addressing financial demands in real time and striving to ensure that we can be confident in the long term. To balance this tension, our planning systems can be adapted to consider the various scenarios important to you. We implement that plan by investing your resources in strategies that align with your goals and values.

Switching from accumulation to distribution coincides with the lifestyle change from employment to retirement. Portfolios no longer receive the steady inflows, but now move to a posture of net cash outflows.

That change requires that portfolios and investments be reorganized to balance spending needs, distribution rates, and life expectancy. We seek to build an overall structure that provides reliable income, while also seeking to protect the purchasing power of your assets. This phase typically includes proper tracking of required minimum distributions from IRA accounts. It can also involve how best to access other financial instruments. Some instruments can be complex, and we can help you determine if they fit your overall strategy.

The final stage each of us considers at some point is the legacy we wish to leave. Early in life our legacy concerns could be straightforward, such as ensuring that a surviving spouse can afford to stay in a home. Later in life, our legacy considerations could expand to include adult children. There might be more multifaceted desires that involve subsequent generations or philanthropic pursuits.

Each stage places different requirements on portfolios. Having a plan for each stage – and modifying it over time - can help address these requirements, while balancing balance near term needs and future goals.

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