Morgan Stanley

Women and Wealth

Wealth is only partially defined by your money. True wealth is also about your life and the things you value most deeply. Whether you have a career and a family or you are a single professional or business owner, there are relationships, interests and goals that bring you joy. These vital elements need to be at the heart of your wealth plan.


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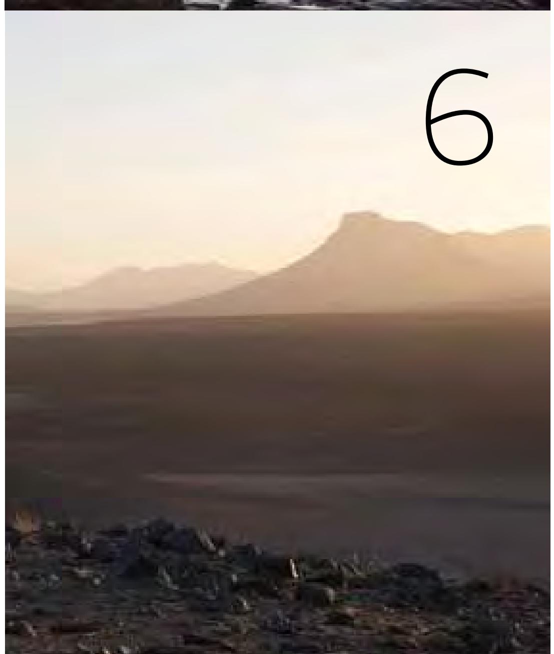
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Weighing the elements
Life presents all kinds of opportunities and choices. Preparing for the future involves setting priorities and sometimes making trade-offs in order to make the most of what you have.

DEFINING **VALUE**

CERTAIN ELEMENTS — DEFINED GOALS, A CLEAR AND COMPLETE FINANCIAL PICTURE AND KNOWLEDGEABLE, OBJECTIVE ADVICE — ARE COMMON TO SUCCESSFUL WEALTH PLANS.

Money can be a complicated topic. On the one hand, it gives us freedom to accomplish what we consider to be important in life. On the other, it is often linked to past experiences, whether positive or negative, and can be laden with emotional baggage. This may be why a person growing up in a home where money is a constant source of worry and tension may never feel she has enough, even after reaching a point where her resources are more than adequate to meet her needs.

One way to gain perspective is to step back and consider what you care about most. Travel, ongoing education, providing for aging parents, retiring comfortably, college for your kids, support for charitable causes — these are just a few of the life goals that may be important to you. Once you have identified your individual priorities, you should ask for advice about the strategies necessary to help you achieve your objectives. ▶

First things first

Before you put a number on paper, explore the things that really matter to you.

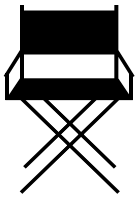
Considering the values and goals that are most important to you is the best place to start the planning process. The objective is to clearly articulate what you want and how you plan to attain it, just as you would in a to-do list for your day.

Reviewing long-term goals can be a productive exercise for individuals and families. If, for example, you once thought a second home was the most important thing but now find your children's education topping your list, that realization may help you rethink your investment strategy.

Formulating a statement of your goals requires a significant amount of reflection and analysis. When family is included, it is even more ambitious an undertaking. It can be challenging to think through questions about what you value, what you want for your descendants, how you define wealth and what role you want to play in your community—to choose but a few examples.

If the process is careful and diligent, your hard work has the potential to be well rewarded. Once you have your mission statement in place it will serve as a useful framework, directing how you move forward and highlighting the effectiveness of your strategy over time. ■

Spend the next 30 minutes thinking about the next 30 years.



THE LIONESS' SHARE

Women's share of global wealth represents more than $20 trillion, of which almost half is held in North America. Women are the primary financial decision makers in 17% of millionaire households in the U.S. In the youngest group, those under 46 years old, that number rises to 27%.

Leveling the Playing Field: Upgrading the Wealth Management Experience for Women, Boston Consulting Group, July 2010

Phoenix Marketing International, 2012

Elegant simplicity

An orderly system allows you to access vital documents when you need them and manage wealth more effectively.

It is hard to overestimate the benefits of a financial house that is well ordered. If you are the CFO of your household, imagine what would happen if for some reason you could not continue to play this role. If you currently have a limited role in day-to-day financial decisions—or you play no role at all—imagine what would happen if you suddenly had to take full responsibility. Would you even know where to begin?

ORGANIZING THE RECORDS. A good first step is to gather vital information about your family and make an inventory of your critical documents. You want to know what you own, what you owe and how you are protected against certain risks. Regular updating of this list will help you stay current on your financial situation.

Having everything in one place also makes it easy for you to routinely review your named beneficiaries. Generally speaking, a beneficiary designation takes precedence over almost everything else, including the terms of a will.

WHAT YOU NEED, WHEN YOU NEED IT. Orderly recordkeeping also helps to remove the unwanted surprises that come with a bill left unpaid or an insurance policy that doesn't protect you or your family adequately. In the case of an emergency, recordkeeping allows you to quickly lay your hands on the vital documents you need. ■

How do you and your family enjoy spending your time?

Where do you see yourself in five or 10 years?

What are the five things you value most in life?

What goals do you have for your life?

What does it mean to you to be wealthy?

What's the best way to build your wealth?

How would you like to help your community?

What would you like your legacy to be?

What assets would you like to leave to your heirs?

Bringing in a professional

An objective, experienced eye can help you avoid common pitfalls and devise more effective strategies.

With something as complex and emotionally charged as money, it is wise to seek professional advice. Though financial advisors, tax advisers, accountants and consultants are good sources of objective advice, many people are afraid to work with them. You may worry that you'll hear something you won't like, or you may be reluctant to share your personal financial information with anyone. You may simply prefer to handle your finances on your own.

Remember, you can always ask someone you trust for a recommendation, and you are not bound to use someone you consult. Ideally, the right financial advisor will be a sounding board and will collaborate with you to create a wealth plan that addresses your goals.

OVERCOMING THE LANGUAGE BARRIER. Finance and investing are complex topics. A good financial advisor cuts through the jargon to clearly explain concepts and strategies. If you don't understand a complicated point, your advisor should be happy to walk you through it. Remember, it's your money.

An advisor who can deliver the most value will have her or his eye on your goals rather than the transactions in your portfolio. As with any other professional service, the key is to find someone you trust who communicates clearly and is responsive to your concerns. ■

FAMILY RECORDS ORGANIZER: WHAT IT COVERS

Personal Information

Financial & Personal Plans

Financial Statements

Retirement Benefits

Taxes

Liabilities (mortgage and other loan documents)

Legal Documents (will, power of attorney, etc.)

Insurance Policies

Real Estate Documents (deeds, titles, etc.)

Government Benefits

Health and Medical Information

MOTHER DAUGHTER SISTER WIFE

CHANGES IN FAMILY CIRCUMSTANCES CAN REORDER YOUR PRIORITIES AND REDEFINE LONG-TERM GOALS.

Our families can be a source of nurture, inspiration and companionship. They can also be the source of our deepest concerns. Not surprisingly, family events and issues are usually high on the list of things people want to be prepared for financially.

There are many things you can do to provide for and protect your loved ones. As you formulate a wealth plan, it's important to raise questions and, when it's appropriate, to involve family members in the decision making. Clear communication about financial matters makes for fewer negative surprises, less potential for disagreements about money and more responsible financial decision making. If you have created a family mission statement together, that document can be a useful touchstone as you weigh new decisions and adjust your wealth plans for changing circumstances. ▶

26%

Portion of women under 46 who are primary financial decision makers for U.S. households with net worth of $1 million or more[1]

91%

Portion of US women who determine spending on new homes[2]

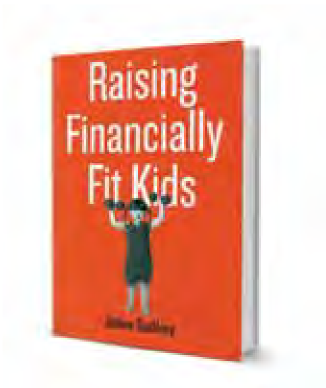
80

YEARS

Average life expectancy for U.S. women[3]

Decision makers

By choice or circumstance, women are likely to become stewards of their wealth.



Joline Godfrey *is a recognized authority in the movement to increase financial literacy and responsibility in young people. She is the author of several books, including* Raising Financially Fit Kids. *Here are excerpts from a recent interview with Morgan Stanley.*

Q: What age do you think kids can begin to understand basic ideas about money?

Joline Godfrey (JG): A three year old asks a parent coming home from a trip: "Where is my gift?" That child understands something about money, and there is some pretty good research that suggests the process begins as early as 18 months.

Q: Is there hope for families who get a late start?

JG: If you decide that you want to learn Russian, you take an intensive, immersive class and you can master that language in a few months. Families who start late just have to be intentional. It's never too late.

Q: What about income or net worth parameters?

JG: A family with significant means needs to teach their children how to be responsible for what they may someday inherit, but a typical family has much more work to do. That family is trying to give their child the best education they can, even if it means they are not saving as much as they'd like. Ultimately, their child will compete with kids around the world — and be at a real disadvantage without knowing how to create a personal financial safety net and be entrepreneurial. For them, financial know-how is almost a survival issue.

Raising Financially Fit Kids, by Joline Godfrey. Ten Speed Press, ©2003

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A growing household

Investing in your children requires careful planning.

It is not possible to put a number on the dividends you receive from watching your child grow, develop and become a productive member of society. Still, it is necessary to consider what it may cost you financially for them to get there.

One mistake women often make is to take care of everyone else in their lives before themselves. Keep in mind that borrowing is an available strategy when you need to pay tuition bills—but it is not a way to fund retirement. Often, you need to put your retirement goals first and then prioritize other savings goals.

EDUCATE YOURSELF ON THE COSTS. You may not be able to predict which university your child will go to, but you can plan to meet this considerable burden by beginning to save for it now. You should also factor in child care and private schools if you are likely to need them. Some tax advantaged educational savings accounts can be used for private elementary and high school, as well as

MOTHER, DAUGHTER, SISTER, WIFE / CARE GIVING

Adding parents to the mix

Approximately 66% of family caregivers are women; more than 37% have children or grandchildren under 18 years of age living with them.[4]

Caregiving can be very rewarding work, and it often helps to allay concerns about how a sick or elderly family member might be treated in an institutional setting. As life spans lengthen, home care is becoming increasingly widespread. Today, more than 65 million Americans (about 30% of the population) are providing an average of 20 hours of care per week to an ill, disabled or elderly family member or friend.[5]

college tuition. Of course you need to consider decisions to take money out for precollege costs in the context of the total amount you will ultimately need.

WHERE THERE'S A WILL. At a minimum, as a parent you should have a will that names your children's guardians should something happen to you and your significant other. According to Bob Seaberg, managing director of Morgan Stanley's Wealth Advisory Resources, "For those with minor children, the issue of guardianship alone could make having a will of utmost importance. Though sometimes it can be a challenge to decide upon proper guardians for one's children, the challenge is no excuse for waiting."[6]

INSURE THEIR FUTURE. Life insurance can help provide for your children and your partner should anything happen to you. This is especially critical for the higher earner in your family. Consider working with experts to determine the appropriate type and amount of life insurance to purchase, as well as to choose your beneficiaries. ■

Tying the knot

New partnerships can bring change in the way you keep records and make decisions about wealth.

Making a commitment to another person is an investment, not only in your partner but also in the union you create. Like any investment, it can have its ups and downs, and the returns you receive cannot always be anticipated. Perhaps you will move to a new home across town or across the world, or maybe you will start a business together. Possibly you will create a family or add to the one you already have.

MERGING FINANCES. Between bridal gowns and honeymoon plans, many couples do not have the discussion about everyday finances ahead of time. Some couples choose to completely integrate bank accounts and elect one partner to be in charge of the finances. Others may opt to maintain separate checking or cash management accounts — dividing up the expenses and assigning each partner specific financial responsibilities. Regardless of how you choose to handle day-to-day expenses, you need to create savings goals and budgets together and set aside time to review them regularly.

NEW PRIORITIES. Now that you are a team, you probably have new priorities. Whether those goals include children and college, a new house, travel or support for the causes you care about, you need to develop a plan to help you reach these objectives. The right investment strategies will depend on how you view risk and your time frame. How you might save and invest for a relatively short-term goal such as a special anniversary vacation will be quite different from the strategy for saving to help your child go to medical school.

NEW RELATIONSHIPS, NEW BENEFICIARIES. Be sure to review all beneficiary designations when you get married. According to federal law, when you marry, your spouse is automatically the beneficiary on your 401(k). If, for any reason, you do not wish for your spouse to become your beneficiary, she or he will need to sign a waiver and have it notarized. Although domestic partners are rarely entitled to health benefits, naming one as your 401(k) beneficiary can help to formalize your relationship — and can serve as evidence should proof of the relationship become necessary.

BLENDED FAMILIES. Money is one of the top three things that couples fight about. When new partners bring children from previous marriages, money can turn into the number one issue. One idea to reduce stress is to create three bank accounts — yours, mine and ours. With the first two accounts, each partner pays personal expenses and any responsibilities toward a former spouse or other children. With the shared account, you pay for the expenses and investments you make for you as a couple and for your blended family. ■

THE SANDWICH GENERATION. Statistics show that the majority of women providing care to their loved ones have jobs and young children.

If you are weighing the decision about whether or not to take a more active role in taking care of your parents, consider these questions:

- Would you be able to continue working?
- If not, how would you replace your income?
- Will the time you need to spend away from the job impact your chances for promotion or salary increases?
- Can you afford to care for your parent and send your kids to college (not to mention save for your own retirement)?
- Can you count on siblings to help?

MAKING GOOD DECISIONS. If it takes a village to raise a child, the same can be said of caring for an aging parent. While one person typically needs to open their home to Mom and Dad, siblings can ease the burden. Taking your loved one out to dinner, doctor's visits and activities can be a way to share responsibilities without a significant financial strain.

While rewarding, caring for a family member can cause emotional stress within your family. The best approach is to plan ahead for the day when your parent will need support and involve all the appropriate family members in the discussion.

It is also wise to prepare for the possibility that a parent may need more care than you can provide at home. Many opt to buy long-term care insurance given the high and rising costs of nursing homes. ■

There are a host of important questions to ask as you prepare for retirement.

How much will you need if you retire at 65 and live to be 80, 85, 90 or 95?

Did the time you took off to raise your children significantly impact your retirement savings?

Does your employer offer a retirement plan?

Are your retirement savings invested to help outpace inflation?

Will you be able to keep up with the rising costs of health care?

How can you save for retirement without an employer plan or if you are self-employed?

RETIREMENT TAKES WORK

THERE CAN BE MANY STOPS ALONG THE ROAD TO RETIREMENT — DON'T LET THEM STOP YOU FROM GETTING WHERE YOU WANT TO GO.

In North America, women control 33% of the wealth — a number that is expected to grow at a compound annual rate of 5% through 2014.[7] Women also represent half of the U.S. professional workforce.[8] In the early 1960s, less than 5% of women earned professional or law degrees and only 10% earned doctoral degrees. Today, the number is close to 50% in all three categories.[9]

Despite these positive developments, women are more often behind in retirement saving and investing due to time taken to care for family, part-time employment or a number of other reasons. It is important to take the steps to stay on track toward your goals, whether you are starting your first job, embracing a new role at your company, trying a new position or career path or transitioning to retirement. ▶

WHEN YOU'RE THE BREADWINNER

Nearly 4 in 10 mothers are primary breadwinners, bringing home the majority of their family's earnings.[10] In this situation, it may be wise to consider what could happen if you became ill or disabled.

Could you replace your income?

Can your partner make up the difference?

How long would you be able to pay your bills on one (or no) income?

Should you consider disability insurance, which can often replace at least a portion of your income?

Career

A career represents a return on the investments you've made in your education, the experience you've gained over time and the expertise you have developed.

To get—and stay—on track toward retirement, you should contribute enough to the company retirement plan to take full advantage of any match offered by your employer. Then, strategize on how much of an additional contribution you should make in the context of all of your retirement savings options. Many retirement plans also offer features that enable you to automatically increase your deferrals whenever you receive a raise. Signing up for these features now can help keep you from forgetting to make these changes later on.

ROLL IT OVER. If you have a 401(k), 403(b) or other tax-deferred account with a previous employer, consider rolling the assets into your new plan to help simplify management allocations and more. You could also roll your assets into an IRA. You do have the option to leave your assets in your old plan, but this may prevent you from changing your asset allocation, taking loans or benefiting from other plan features. In addition, maintaining multiple retirement accounts can make it more difficult to keep your investment strategies and goals consistent across your holdings.

DEPOSIT THE DIFFERENCE. If you have changed jobs and are earning more than in your previous position, consider saving or investing the additional amount of income before you get used to having it in your bank account. It is likely that your company can directly deposit your paycheck into more than one account, so you can easily put part of your income into a savings, money market or brokerage account.

UNRESTRICT YOUR STOCK. Stock in your company can be a smart investment, and when it is part of your compensation or bonus structure, you can end up with a lot of it—which can help you build your long-term wealth.

The more stock you accumulate, however, the riskier it can be—especially if it is restricted. Consider your company stock position in terms of your whole portfolio. Is the rest of your portfolio diversified enough to balance the risk of such a concentrated position? There are different approaches that can help you mitigate this risk, or you may be able to leverage these assets to make other investments. ■

Retirement redefined

Whether you have been working for 10, 25 or 50 years—and regardless of whether your retirement was scheduled or involuntary—transitioning from work is always a big step.

An increasing number of women choose to work in retirement. Many work out of necessity to supplement their incomes, but you may also want to work to remain active mentally and physically. If you have ample retirement savings, you have the freedom to select from a wide range of choices. You may end up exploring a field that aligns more to your philanthropic interests and not necessarily to your areas of professional expertise—or an opportunity that combines the two.

FINDING MEANING. The ability to dedicate more time to causes that are important to you can be one of the most significant benefits that comes from making sound preparations for your retirement. You may want to give more than your time. There are many tax-effective estate planning strategies that can enable you to create a truly lasting legacy. For example, you can gift some of your assets to a particular organization by way of a trust—and still receive income from these assets during your lifetime.

SHARING THE WEALTH. Retirement may also give you more time to be with those you love. Here again, you may want to give in other ways, too. Rather than waiting to pass on assets after you are

Your Retirement Plan and Your Estate

When preparing for your and your family's financial well-being in anticipation of retirement, there are many things to review. A well-researched estimate of the income you will need and your strategy for spending down the savings you've amassed are two critical pieces that can help prepare you for the future and estimate the size of your estate. With these in place, you can review your basic estate planning documents (see page 17) and make sure they remain up to date and consistent with your objectives. Other considerations:

1. Plan to cover health care and potential long term care expenses in retirement. Most employers do not provide coverage to their retirees. Therefore, you need to make specific plans to cover these expenses, especially if you are retiring prior to becoming eligible for Medicare. Remember, long term care expenses are growing at a much higher rate than inflation and are not covered by Medicare.

2. If restricted or other stock awards have been part of your compensation, understand when these benefits vest and how they will fit into your broader estate planning strategies. Establishing a reliable way to keep track of these holdings following retirement is also essential.

3. Review beneficiaries of retirement savings accounts such as 401(k)s and IRAs, both of which pass directly to beneficiaries and avoid probate. With guidance, you can maximize the benefits of these accounts for your heirs and philanthropic interests.

4. Speak with your Financial Advisor about the structure of your accounts. Take care to ensure your accounts are titled properly to enable you to execute any specific estate planning strategies you have adopted. There may also be ways to simplify things and perhaps save account and/or probate fees as well.

5. Take a fresh look at your gifting strategies once you have established a plan for your own and your spouse's income needs. Gifting can help reduce estate taxes, remove appreciation from your estate and allow you to pass along assets to your children or other loved ones during your lifetime when you can see the benefits.

BUSINESS SUCCESSION STRATEGIES

In 45% of the 10 million privately held businesses in the United States, women own 50% or more of the company.[11] If you are one of these women, creating a business succession plan could be critically important. Perhaps one of these strategies may be right for you and your company.

Selling to a family member may enable you to reduce estate taxes while passing the business to an heir.

Giving to family may enable you to retain control while testing out family members in management roles, allowing for adjustments if necessary.

Selling to a third party may enable you to meet liquidity or other goals you have for your family.

gone, it can be much more rewarding to see your loved ones enjoying the gifts you give them now. For example, you could help your child buy a home or help send your grandchildren to college. As the example above shows, the right gifting strategy can ensure you share your wealth in the most tax efficient way, enabling you to maximize your giving. If the estate is considerable, putting assets into trust may help you avoid probate and may be more tax efficient than other alternatives. ■

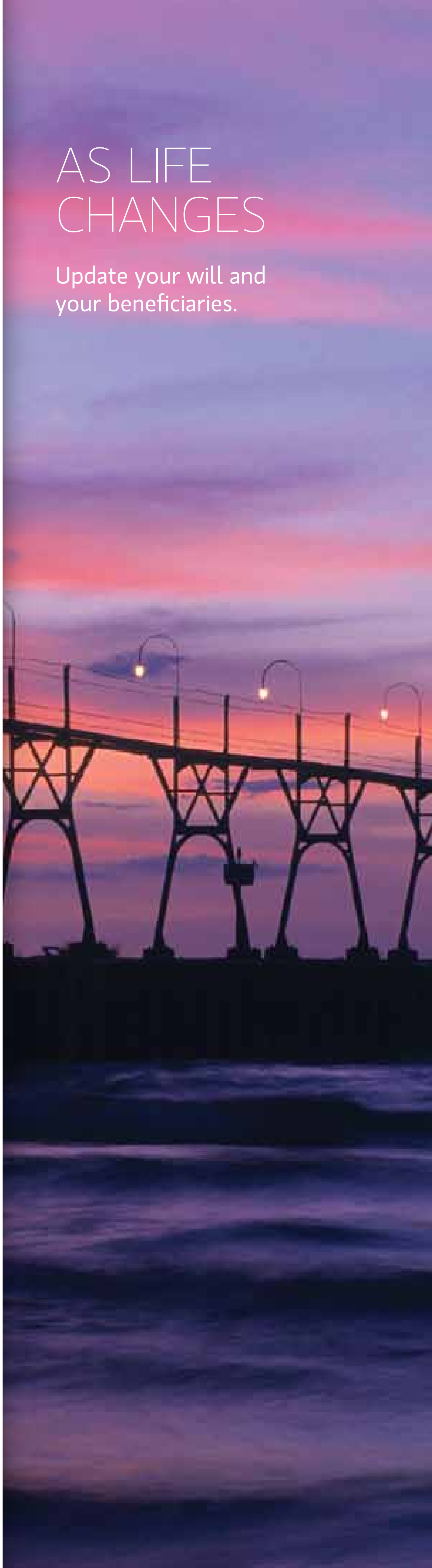
RETIREMENT: HOW MUCH IS ENOUGH?

Retirement planning is complicated. Working to determine how long you may be in retirement, estimating your potential health care costs and forecasting for inflation are not easy. This is especially so for women, as statistics show they live longer and, perhaps due to time off for family, will likely have fewer retirement assets. You may want to get help determining how much you really need, how much you are likely to have and what it may take to overcome any potential shortfall.

KEEPING your BALANCE

THERE ARE SOME THINGS THAT ARE DIFFICULT TO PREPARE FOR — AND OTHERS YOU CAN'T PREPARE FOR AT ALL. THE PLANS YOU MAKE NEED TO BE FLEXIBLE ENOUGH TO ACCOMMODATE BOTH.

From pursuing a career, volunteering your time and talent or raising a family to dealing with divorce or navigating unexpected illness or loss — balancing life's demands can be both rewarding and stressful. There are some steps you can take to help alleviate the strain and financial setbacks that can come with the unexpected. ▶



AS WORK CHANGES

Review your beneficiaries on all accounts and benefits.

Increase retirement contributions, if possible.

EVERY YEAR

Review your wealth plans.

Measure progress on your savings goals.

Review your asset allocation and risk profile.

Eye for detail
There are key features in every wealth plan that need to be updated regularly—or as circumstances change.

Going separate ways

Divorce has significant implications for day-to-day details and long-term plans.

Many marriages end in divorce — and when they do, fairly dividing investments and finances is typically more complicated than it was to combine them. It can be easy to get caught up in the numbers or emotions and forget about the other things in your life that may be affected. This is a moment to review your will, your insurance policies, your 401(k) and your brokerage and bank accounts in an endeavor to make clear where you stand financially. It is important to have good advice about the value of what you have, how liquid certain assets are and any new risks you may be facing, just to name a few things.

AVOID COMMON MISTAKES. The experience of others can be a good teacher. Here are some common pitfalls that divorced people say you should try to avoid.

- **Overestimating** retirement assets by failing to take into account the taxes you will pay on these assets at withdrawal.
- **Overemphasizing** both the value and longevity of alimony. (If a former spouse passes away prematurely, or if you remarry, could you replace this income?)
- **Overlooking** Social Security as you may be entitled to spousal benefits if you do not remarry.
- **Assuming** that your former spouse will take care of your children as intended (Consider that a new spouse or new children can change priorities and may have negative repercussions for your children.).

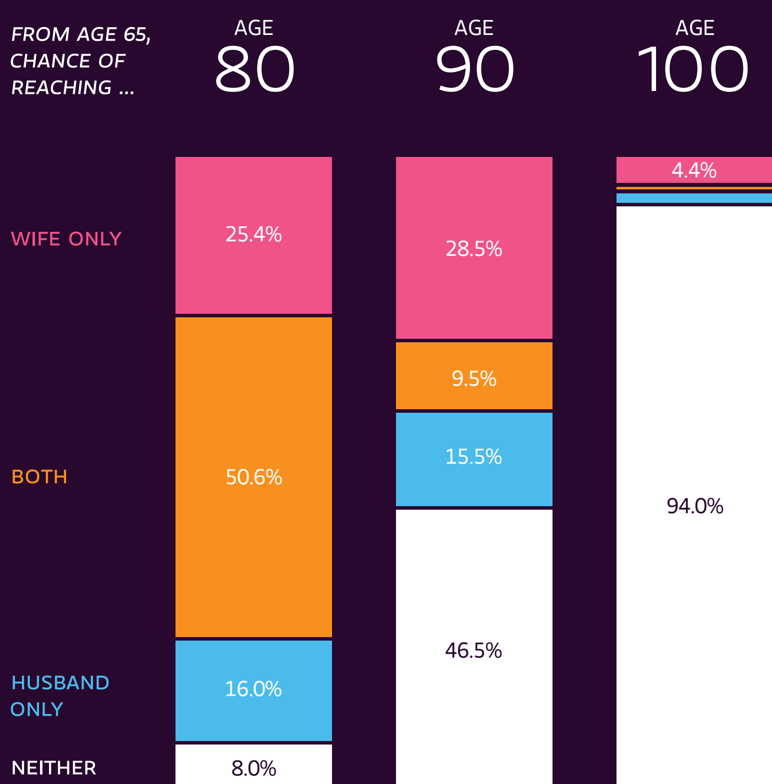
As with other major life changes, divorce will almost certainly impact your wealth planning objectives. It's especially critical now to review where you are and to create new goals and new savings and investment strategies to help you secure your new future.

REVIEW YOUR ESTATE PLAN. If you have custody of your minor children, consider taking these steps for their financial security and your peace of mind. Designate a guardian so a court won't have to in the event of your death. You also may want to consider putting your assets in a living trust. This way, you can retain control over your assets in your lifetime. After your death, funds will be distributed according to directions in the trust's document. That's important, because a guardian — even one you designate — may not make decisions as you would like. Depending upon the trust's terms, assets can also be protected from your former spouse, creditors and even spendthrift children.

A NEW LEASE ON LIFE INSURANCE. If you and your former spouse have children together, consider purchasing an insurance policy on the life of your former spouse. Remember, if he or she remarries, it's likely that the new spouse will become the beneficiary of an existing policy, making it wise for you to own a policy outright. ■

How to think about life expectancy

When it comes to long-term planning, averages only tell part of the story. As the table below shows, a 65-year-old woman can expect to live, on average, until her mid 80s — but many will live into their 90s or even longer.



Source: 2009 Society of Actuaries' Key Findings: The Impact of Retirement Risk on Women

Why you need certain estate planning basics

WILL

A legal document naming guardians for your minor children and directing the distribution of your estate.

Although wills can be contested and do go through probate, they are the bare minimum legal protection you need. Without one, the court may appoint guardians for your children—who may or may not provide for them as you desired.

LIVING TRUST

A legal arrangement made during your lifetime for the purposes of managing assets.

During your lifetime, you retain control of the trust and can change trustees or beneficiaries as you desire. Assets placed in a trust avoid probate, may reduce estate taxes and, unlike the terms of a will, the terms of a trust remain private.

DURABLE POWER OF ATTORNEY

A legal document giving a representative you choose the right to make financial decisions on your behalf, if you are unable to do so.

Without one, the closest blood relative—who may not be your choice and may not know your wishes—will generally be given this authority.

HEALTH CARE PROXY

A legal document giving a representative you choose the right to make health care decisions on your behalf, if you are unable to do so.

As with a power of attorney, if you don't have a health care proxy, your closest blood relative will generally be called on to make decisions for you.

Be prepared

Plan for a long life and keep certain vital documents up to date for your protection and the sake of those you love.

Your health or the health of someone you love can change quickly. Having adequate medical coverage is one obvious way to attempt to manage this risk. By itself, however, it is not sufficient. There are certain key legal documents everyone should have in place. According to Dr. Bob Seaberg, managing director of Morgan Stanley's Wealth Advisory Resources, "the basics" include: a will, possibly a living trust, a durable power of attorney and a health care proxy. "Currently, about 60% of Americans don't have a will," he notes. "That means they couldn't direct where $500 would go upon their death, let alone more substantial sums."[12] It is vital for you to be an integral participant in the wealth planning process for your family.

PLAN FOR A LONG LIFE. Even without unexpected developments, financial strategies today need to anticipate supporting a retirement that could last 20 or 30 years, or more. Consider that the average life expectancy for a woman today is just over 80 years—which means many will live quite a bit longer. In fact, 31% of married women who reach the age of 65 will live to be 90.[13] This longevity has tremendous implications for your savings goals and your investment strategy. You will need to save more to meet living expenses and, in particular, medical expenses. Moreover, consider carefully what portion of your investment portfolio should be in equities or other risk assets, since these have the potential to generate higher returns. You may also want to consider insurance to prepare you for the costs of nursing home and other types of long-term care.

LOVE AND LOSS. It may surprise you to learn that the average age a woman becomes widowed is 59 years old, according to the U.S. census[14]—a statistic that underscores the importance of creating a wealth plan that is flexible enough to accommodate life's ups and downs. Achieving balance after the death of a spouse, whether sudden or anticipated, is a slow process. It's easy to feel overwhelmed and under pressure to make financial decisions quickly. However, with the support of friends and family, as well as an experienced source of advice about financial matters, you can take the steps you need to help you move forward on your own. ■

Retirement
When I retire, it will affect just about everything that matters: my lifestyle, my company, my family. Is there a way to plan for retirement that takes it all into account?

Integrated Planning
Decisions about both assets and liabilities need to be made within the framework of important life goals. What steps are also the most tax efficient? How can a strategic approach to banking and lending simplify my financial life and help maximize the value of what I own?

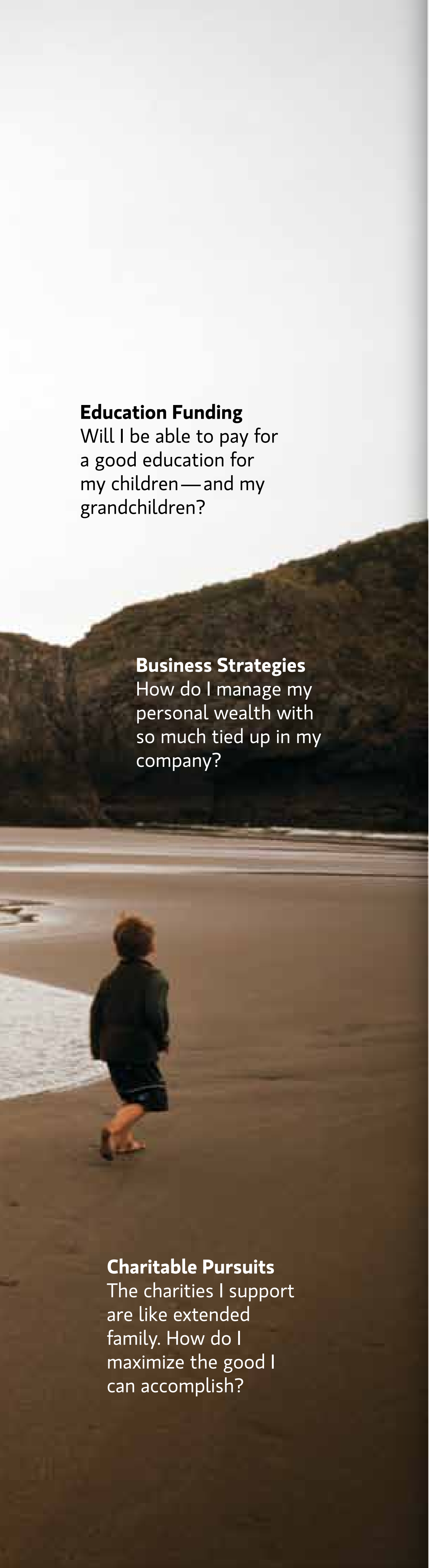
Risk Management
The ups and downs of the markets is one kind of risk — but so is not protecting my assets and my family. How do I protect what I care about most?

Investment Management
I have so many goals and priorities. How can one investment strategy balance them all?

Liquidity
I can predict some expenses, but others I know I can't. How can I plan to have the cash I need?

Estate Planning
Making sure my estate goes to the people and organizations I care about is a priority. How do I transform my assets into a legacy?

PLEASE READ IMPORTANT DISCLOSURES ON PAGE 20 OF THIS BROCHURE.



A CULTURE of EXCELLENCE

OVER THE YEARS, YOU WILL MAKE MANY FINANCIAL DECISIONS. ONE IN PARTICULAR IS LIKELY TO HAVE A LASTING IMPACT ON YOUR WELL-BEING AND THAT OF YOUR FAMILY: THE CHOICE OF A FINANCIAL ADVISOR.

Thoughtful decision making usually begins with a lot of questions. As you get answers and information, you can develop a framework for evaluating different choices and strategies. Little by little, you gain both the knowledge and the confidence to make decisions and create a wealth plan that helps you achieve your goals.

You will find your Morgan Stanley Financial Advisor to be a reliable source of objective information and ideas as you begin to assess how to best manage your wealth. Over the course of many years, our firm and Financial Advisors have developed an in-depth understanding of virtually all the challenges, goals, preferences, styles and strategies that distinguish wealthy investors. This experience is combined with access to a wide array of tools designed to help you maximize what you have and accomplish your specific goals—whether you are preparing for the cost of educating children, managing risk in your portfolio or finding ways to increase the impact of your charitable contributions.

Your Financial Advisor is an advocate within our firm, an intelligent editor who selects and aligns the many capabilities of Morgan Stanley for you, delivering resources to you in the way that is appropriate for how you invest and what you want to achieve. ■

[1] Phoenix Marketing International, April 2013.

[2] US Yankelovich Monitor, 2012

[3] Ibid.

[4] Care giving in the United States; National Alliance for Care Giving in collaboration with AARP, November 2009.

[5] Ibid

[6] Dr. Bob's Seven Principles of Wealth Planning — Smith Barney, 2010.

[7] Leveling the Playing Field: Upgrading the Wealth Management Experience for Women, Boston Consulting Group, July 2010.

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[9] National Center for Education Statistics: http://nces.ed.gov/programs/projections/projections2021/sec6b.asp.

[10] Financial Experience and Behaviors among Women, 2012-2013 Prudential Research Study. http://www.prudential.com/media/managed/Pru_Women_Study.pdf

[11] The Center for Women's Business Research, 2012. http://www.nwbc.gov/sites/default/files/NWBC%20Final%20Narrative%20Report.pdf.

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[14] Kreider, Rose M. and Renee Ellis, "Number, Timing, and Duration of Marriages and Divorces: 2009." Current Population Reports, P70-125, U.S. Census Bureau, Washington, DC, 2011.

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