



A GUIDE Stress Test the Health of Your Overall Private Wealth Scenario

Managing the growth and sustainability of your wealth



Montanti Advisory Services LLC

"The Montanti Difference"™



INTRODUCTION

This guide provides a comprehensive framework for stress testing your entire private wealth scenario including your investment portfolio and other gaps and opportunities. The goal is to make sure your financial picture has resilience and aligns with your financial goals. The guide walks you through the strategic review that we take at Montanti Advisory Services as we serve our clients. The four critical areas we cover in a stress test include: Wealth Preservation, Wealth Management, Wealth Transfer, and Charitable Giving.

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Securities and advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

1. Wealth Preservation

Objective: To protect your wealth against potential creditors, litigants, children's spouses and potential ex-spouses, as well as protecting you against catastrophic loss.

Steps:

- **Asset Protection Strategies:** Use legal structures such as LLCs, family limited partnerships, and irrevocable trusts to shield assets from potential creditors and litigants.
- **Insurance:** Maintain adequate insurance coverage (liability, umbrella, property, health, life, disability) to protect against unforeseen events that could deplete your wealth.
- **Premarital Agreements:** Consider prenuptial agreements for family members to protect assets in the event of divorce.
- **Risk Management:** Conduct regular risk assessments to identify potential vulnerabilities in your financial situation and implement appropriate safeguards.
- **Legal Counsel:** Consult with asset protection attorneys to ensure your strategies comply with current laws and provide the maximum protection.*

** Montanti Advisory Services and LPL Financial do not provide legal advice or services. Please consult your legal advisor regarding your specific situation.*

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2. Wealth Management

Objective: To help produce the best possible investment returns consistent with your level of risk tolerance and to minimize the tax impact on those returns.

Steps:

- **Assess Risk Tolerance:** Determine your risk tolerance by evaluating your investment goals, time horizon, and comfort with market fluctuations. Use questionnaires and consult with a financial advisor.
- **Diversification:** Ensure your portfolio is well-diversified across asset classes (stocks, bonds, real estate, etc.) and geographies to mitigate risk.
- **Tax Efficiency:** Implement tax-efficient strategies such as utilizing tax-advantaged accounts (IRAs, 401(k)s), tax-loss harvesting, and choosing tax-efficient investments (ETFs, municipal bonds).
- **Performance Monitoring:** Regularly review your portfolio's performance against benchmarks. Use tools like Monte Carlo simulations to predict potential future performance under different market conditions.
- **Scenario Analysis:** Conduct stress tests using historical data from past market downturns (e.g., 2008 financial crisis) and hypothetical scenarios (e.g., sudden interest rate hikes, geopolitical events).**

*** All investing involves risk including loss of principal. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

Investments mentioned may not be suitable for all investors.

Hypothetical example scenarios mentioned are not representative of any specific situation. Your results will vary. The hypothetical rates of return may not reflect the deduction of fees and charges inherent to investing

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3. Wealth Transfer

Objective: To find and facilitate the most tax-efficient way to pass assets to succeeding generations in ways that meet your wishes.

Steps:

- Estate Planning: Develop a comprehensive estate plan that includes wills, trusts, and power of attorney documents. Regularly update these documents to reflect changes in your wishes or family circumstances.
- Gifting Strategies: Utilize annual gift tax exclusions and lifetime estate tax exemptions with a goal to transfer wealth without incurring significant tax liabilities.
- Trusts: Establish trusts (revocable, irrevocable, generation-skipping) to control how and when your assets are distributed, and to minimize estate taxes.
- Beneficiary Designations: Ensure all beneficiary designations on retirement accounts, insurance policies, and other assets are current and reflect your estate plan.
- Family Meetings: Hold regular family meetings to discuss your estate plan and ensure all parties understand your wishes and the mechanisms in place to fulfill them.***

** LPL Financial Representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial.*

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4. Charitable Giving

Objective: To fulfill your charitable goals and support efforts in each of the other three areas.

Steps:

- **Identify Charitable Goals:** Determine your philanthropic objectives and the causes or organizations you wish to support.
- **Tax-Advantaged Giving:** Use tax-efficient methods for charitable giving such as donor-advised funds, charitable remainder trusts, and charitable lead trusts to receive tax benefits while supporting your favorite causes.
- **Integrate with Estate Planning:** Incorporate charitable giving into your estate plan to reduce estate taxes and leave a legacy. Consider bequests, charitable gift annuities, and naming charities as beneficiaries of retirement accounts.
- **Evaluate Impact:** Regularly review and assess the impact of your charitable contributions to ensure they align with your goals and provide meaningful support to the chosen causes.
- **Family Involvement:** Engage family members in philanthropic activities to instill values of generosity and ensure continuity of your charitable legacy.



CONCLUSION

We believe by systematically addressing these areas, you can effectively stress test your private wealth scenario, helping to ensure it is robust, tax-efficient, and aligned with your long-term goals. Regular reviews and updates, along with professional advice, we will work toward helping you maintain the resilience and effectiveness of your wealth management strategy.

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