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Bespoke Private Wealth Group
of Wells Fargo Advisors

Closing the Year with Focused Purpose

"Plans are only good intentions unless they immediately degenerate into hard work."

- Peter Drucker

Reflecting and Looking Ahead As we draw 2024 to a close, our unwavering commitment to the principles of "Goals, Plan, Portfolio" remains at the forefront of our strategy for our clients. This approach isn't merely a slogan—it represents a meticulous, ongoing process that demands diligence, adaptation, and a collaborative spirit. Our mission is your success, and every step we take is designed to elevate the service we provide to you and your family.

The Importance of a Collaboration One aspect that sets our team apart is our view of our relationship with clients as a collaboration. We don't just offer advice; we stand with you as co-creators of your financial journey. We take pride in integrating our team with your existing advisors to help ensure a seamless, coordinated strategy that covers all angles of your financial picture—from investment management to estate planning strategies and beyond.

"Alone, we can do so little; together, we can do so much."

- Helen Keller

Comprehensive Wealth Planning: Beyond the Capital Markets While the stock market and other capital market strategies are often top of mind, the real differentiator in our service lies in the recognition of non-capital market risks and opportunities. These elements, including family dynamics, health and longevity considerations, and asset domicile, can significantly impact your wealth and its legacy.

Focus on Key Areas for 2025 Looking into 2025, we will continue focusing on these areas during our regular calls and review sessions:

1. Reviewing the Plan: Aligning Projections with Reality

A well-crafted plan is only as effective as its ability to align with actual outcomes. Our commitment is to ensure that your plan remains dynamic and reflective of real-world results, rather than being a static set of abstract projections. Timely evaluation of the plan against actual outcomes allows us to assess critical components, such as additional investments, return assumptions, inflation rates, spending projections, and changes in capital expenditures. This also includes accounting for the addition of new goals or the adjustment or elimination of existing ones.

A crucial test of any robust plan is determining how closely it mirrors reality. If variances are observed, we analyze whether these are anomalies or represent new trends requiring modifications. We also consider how long these trends may persist and whether their magnitude could materially affect your financial strategy in the coming years. Our primary objective in this continuous assessment is to manage and mitigate the ultimate risk: the potential inability to meet long-term financial goals and objectives.

On a more positive note, this diligent review process can sometimes reveal flexibility within the plan, allowing us to accelerate the achievement of certain aspirations or even expand your legacy through increased gifting to individuals, trusts, or charities. Our proactive approach helps ensure that your plan evolves with you, maintaining its relevance and effectiveness as your life and the financial landscape change.

Why should this matter to you? This proactive approach helps maintain a clear path to your long-term objectives, so you're not caught off guard by unanticipated changes.

2. Proactive Capital Gains Management: A Year-Round Strategy

While many investors and advisors concentrate on capital gains tax liabilities only as the year draws to a close, our approach is different. Managing capital gains exposure is a priority we address year-round. The inherently volatile nature of markets presents opportunities, particularly when navigating individual securities. By strategically choosing the right moments to manage potential capital gains exposure, we align adjustments with your broader investment plan and make them at optimal times—not under the pressure of year-end deadlines. Additionally, we guide clients in leveraging strategic charitable giving to manage embedded gains and reset cost basis effectively.

The takeaway? This proactive stance provides the flexibility to thoughtfully navigate complex market conditions and seize opportunities throughout the year, avoiding the stress of last-minute, year-end decisions.

3. Tax Awareness and Wealth Transfer: Legal and Regulatory Changes

Tax laws, estate planning regulations, or trust structures can significantly impact how your wealth is managed, transferred, or taxed. Clients often overlook state tax laws, which in high tax states must also be considered. Having a flexible, adaptable plan is essential to avoiding the financial and legal consequences that can arise from these changes. Being proactive in this area can preserve wealth and minimize unnecessary tax burdens.

Wells Fargo Advisors does not provide legal or tax advice. Tax laws or regulations are subject to change at any time and can have a substantial impact on your individual situation.

What's in it for you? Proactive planning preserves more of your wealth for future generations and helps ensure that your strategies are compliant and advantageous.

4. Asset Domicile and Tax Treatment

Where your assets are held—or "domiciled"—can have significant tax implications. Assets located in different accounts or entities may be subject to varying tax treatments on income and distributions. Not being mindful of this can result in missed opportunities for more favorable tax outcomes. Thoughtful asset placement can enhance the tax efficiency of your portfolio and helps ensure that you maximize the benefits available to you based on where your assets are located. Additionally, evaluating the potential benefits of Roth conversions can be an essential strategy in managing future tax exposure, as it allows for the growth of assets in a tax-free environment and can provide flexibility in managing distributions during retirement.

How does this benefit you? Thoughtful domicile choices enhance your portfolio's efficiency, maximizing after-tax returns and giving you greater flexibility in retirement.

5. Effective Charitable Giving

Philanthropy can be an integral part of your wealth management strategy, but it needs to be done with tax awareness. Properly structured charitable giving, such as through donor-advised funds, charitable trusts, or direct donations of appreciated assets, can provide both philanthropic impact and significant tax advantages. Thoughtful charitable giving strategies can not only fulfill your desire to give back, but also reduce your tax liabilities, creating a win-win for both you and the causes you care about.

Why care? This dual benefit lets you support causes that matter while optimizing your financial strategy.

6. Health and Longevity Risks

While we don't often think of health as a "financial risk," it can have profound financial consequences. Extended lifespans, long-term healthcare needs, or sudden health issues can all affect your financial resources. Beyond addressing your own well-being, there is also the potential responsibility of assisting aging parents or other family members, which can place additional demands on your plan. Proper planning, including healthcare directives, long-term care insurance, and resources allocated for supporting loved ones, can help mitigate these risks. This ensures that your wealth supports both your needs and those of your family as health-related challenges arise, providing financial stability through every stage of life.

What does this mean for you? Confidence, knowing that you're prepared for life's uncertainties.

7. Preparing the Next Generation for Stewardship

One of the most crucial aspects of sustaining and growing family wealth lies in preparing the next generation to be effective stewards of the legacy that has been built. The first generation of wealth creators often accumulates wealth over decades, gaining valuable investment experience and financial insight through an iterative process and the luxury of time. However, subsequent generations may not have the same opportunities to gain experience gradually or develop this expertise organically.

Our role is to bridge that gap by educating future generations, equipping them with

the knowledge, skills, and perspective necessary to manage the family's wealth responsibly and continue its legacy. Family relationships are often one of the most overlooked sources of risk, as disagreements over wealth distribution, divergent financial goals, or poor communication can lead to friction that undermines unity and threatens the family's long-term financial objectives.

By fostering a clear family governance structure—defining roles, responsibilities, and a shared vision—we help create alignment and reduce the risk of misunderstandings or disputes.

This matters, because it helps empower the next generation to lead with confidence, ensuring that the family's wealth remains a source of strength and cohesion rather than conflict.

8. Optimizing Technology and Safeguarding Your Assets In addition to addressing planning issues, we will dedicate a meeting to ensure that you fully benefit from the technological enhancements the firm will be rolling out. We will review your online profiles and views to confirm they are correctly aligned for the best possible digital experience. This session will also include verifying that all necessary account connectivity is in place for efficient fund transfers between household accounts. Additionally, we will conduct a thorough review of beneficiary designations, trading authorizations, Powers of Attorney, and "Trusted Contacts" to reinforce your protection. Our proactive approach is designed to enhance your client experience now and, in the future, while ensuring your assets are safeguarded, even in unforeseen circumstances.

The purpose of this exercise is to optimize your digital experience and safeguard your assets by streamlining account visibility, connectivity, ensuring accurate authorizations, and preparing for unforeseen circumstances.

"You do not inherit the earth from your ancestors; you borrow it from your children."

- Native American Proverb

Upcoming Enhancements: Technology and Client Experience As we enter the new year, we're excited to announce upcoming technology and client experience upgrades. These enhancements are designed to simplify interactions, make information more accessible, and ultimately provide an experience that matches your high expectations.

Avoiding Complacency Amidst Market Optimism Many might feel inclined to relax planning efforts given recent political or economic shifts. We firmly believe that stepping back from strategic planning at such times is a mistake. Effective wealth management requires continuous, proactive planning to ensure you stay ahead of changes and opportunities.

"By failing to prepare, you are preparing to fail."

- Benjamin Franklin

This list is by no means exhaustive but highlights some of the most impactful non-capital market risks we often see. Our goal is to not only help you navigate these risks, but also take advantage of the opportunities that come from managing them effectively. By proactively addressing these areas, we aim to help you safeguard your family's lifestyle, protect your legacy, and ensure that your wealth has a lasting, positive impact for generations to come.

Conclusion: Looking Forward with Confidence Beginning in January of 2025, your monthly agenda will outline our proposed schedule for addressing the relevant items outlined above. The goal is to ensure that we have a systematic process to ensure we review all relevant topics with every client. Agendas will be updated to clearly reflect the work that has been accomplished year-to-date and the work that remains to be done. Our "Goals, Plan, Portfolio" approach may sound straightforward, but executing and maintaining it is a complex task that requires the utmost care. As we move through 2025, we remain committed to helping you navigate challenges, seize opportunities, and build a legacy that resonates for generations. Your success is not just our goal; it is our shared mission.

We are grateful for the privilege of collaborating with you and your family as you pursue a life of purpose and a meaningful legacy. Thank you for your continued loyalty, and we wish you a happy, healthy, and prosperous 2025. Feel free to share this newsletter with friends and family.

Warm regards,

Robert Reich, CEPA

Managing Director-Investments

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Tax laws or regulations are subject to change at any time and can have a substantial impact on your individual situation.



LET'S CONNECT



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Our mailing address is:

1753 Pinnacle Drive
Third Floor
McLean, VA 22102

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