

<b>Client Circumstance</b>	<b>Hidden Risk</b>	<b>Outcome If Identified and Resolved</b>
Low-basis stock (i.e., appreciated securities portfolio)	<ul style="list-style-type: none"> <li>• Capital gains tax exposure</li> <li>• Medicare surcharge tax exposure</li> <li>• Exposure to creditors' claims</li> </ul>	<ul style="list-style-type: none"> <li>• More money available through reduced taxes</li> <li>• Wealth is protected</li> <li>• Stock distributions to trusts providing tax benefits, wealth shifting</li> </ul>
Low-basis property	<ul style="list-style-type: none"> <li>• Same as low basis stock PLUS</li> <li>• Replacement value insurance mismatch in an appreciating market climate</li> </ul>	<ul style="list-style-type: none"> <li>• Same as low basis stock PLUS</li> <li>• Tighter loss-risk management</li> </ul>
Unexercised, in-the-money stock options	<ul style="list-style-type: none"> <li>• Income or gains taxes (depending on the option type)</li> <li>• Medicare surcharge tax exposure</li> <li>• Overconcentration to an employer's operations, competitors, and market environment</li> <li>• Inefficient allocation of wealth to investment horizons or purposes</li> </ul>	<ul style="list-style-type: none"> <li>• Tax efficiency considering other income and gains sources</li> <li>• Improved investment diversification</li> </ul>
Life insurance with substantial cash value	<ul style="list-style-type: none"> <li>• Using other income sources with less tax efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Monetize the policy to support income needs</li> <li>• Improved tax efficiency</li> </ul>
Unmatched life insurance death benefit	<ul style="list-style-type: none"> <li>• A death benefit too high, risking encroaching on estate tax thresholds</li> <li>• A death benefit too low to support wealth shifting in estate planning</li> <li>• A death benefit too low to replenish lost income due to premature death</li> </ul>	<ul style="list-style-type: none"> <li>• Too High: Estate tax savings</li> <li>• Too Low: Achieve target wealth distributions to beneficiaries</li> <li>• Too Low: Fund income replacement</li> <li>• Too Low: Peace of mind that survivors will be sustained</li> </ul>
Sub-optimal insurance products	<ul style="list-style-type: none"> <li>• Surrender charges in wealth realignment</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive planning to minimize</li> </ul>

	<ul style="list-style-type: none"> <li>• Too-high premiums that become a financial burden and thus increase the potential for policy lapse</li> </ul>	dollars lost to fee and cost inefficiencies
Earned income in retirement	<ul style="list-style-type: none"> <li>• Creating additional tax exposure in concert with other income sources</li> </ul>	<ul style="list-style-type: none"> <li>• Restructuring distributions to achieve tax efficiency</li> </ul>
Ownership of an employer's stock	<ul style="list-style-type: none"> <li>• Poor diversification and risk management due to a concentrated exposure to the employer's operations, competitors, and market environment</li> </ul>	<ul style="list-style-type: none"> <li>• Improved overall risk management</li> </ul>
Current chronic illness, poor family health histories, or both	<ul style="list-style-type: none"> <li>• Faster wealth depletion through increased medical liability</li> <li>• Increased family burden</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth protection through a long-term care funding plan</li> <li>• Peace of mind that family burdens will be lessened</li> </ul>
Obsolete trusts	<ul style="list-style-type: none"> <li>• Unnecessary estate costs</li> <li>• Estate execution inefficiencies</li> <li>• Mismatched wealth to desired purposes</li> </ul>	<ul style="list-style-type: none"> <li>• Lower costs</li> <li>• Lower taxes</li> <li>• Viable estate execution</li> <li>• Comfort that wealth's purposes will be fulfilled</li> </ul>
Estate plan relying on wills	<ul style="list-style-type: none"> <li>• Unnecessary exposure to probate</li> <li>• Exposure to legal costs of incapacity</li> <li>• Loss of control of wealth and wealth transfer timing</li> </ul>	<ul style="list-style-type: none"> <li>• Estate execution efficiency</li> <li>• Control of wealth and its distribution</li> <li>• Comfort that the plan matches desires, values, and interests</li> </ul>
At-home, teenaged dependents	<ul style="list-style-type: none"> <li>• Legal liability exposure in the case of accidents that have resulted in another's disability or death</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth protection</li> </ul>