
The Wealth Coordination Audit

A diagnostic framework for evaluating how well your advisory team functions as a coordinated whole — and where the gaps may be costing you.

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The integration gap is the most expensive blind spot in private wealth management. It is not caused by incompetent advisors — it is caused by competent advisors working in isolation. An investment manager constructs a tax-efficient portfolio without knowing the CPA is planning a Roth conversion that changes the optimal asset location. An estate attorney drafts an irrevocable trust without visibility into the portfolio allocation.

None of these advisors is failing. Each is doing good work within their scope. But the family is paying for disconnection — in higher taxes, missed planning windows, duplicated effort, and the quiet compounding of forgone value that is rarely visible in real time.

For each question below, consider not just whether the activity is happening, but whether the relevant advisors are aware of and actively coordinating around it.

Investment & Tax Coordination

The interaction between investment decisions and tax outcomes is where coordination failures are most costly.

01 Roth Conversion Awareness

Does your investment manager know about planned or in-progress Roth conversions? A Roth conversion increases taxable income in the conversion year, which can change asset location strategy, affect capital gains harvesting, trigger Medicare surcharges (IRMAA), and interact with charitable giving plans.

Yes No Unsure

02 Asset Location Coordination

Is the placement of investments across taxable, tax-deferred, and tax-exempt accounts coordinated between your investment manager and CPA? Placing tax-inefficient assets in tax-advantaged accounts can materially improve after-tax returns.

Yes No Unsure

03 Gain and Loss Harvesting Alignment

Are capital gain and loss harvesting strategies aligned with your overall multi-year tax projection? Tax-loss harvesting in isolation may create wash sale issues, conflict with charitable giving plans, or prove counterproductive in low-bracket years.

Yes No Unsure

04 Concentrated Position Visibility

Does your investment strategy account for concentrated positions across all accounts, entities, trusts, and family members? A position that appears manageable in one account may represent an outsized percentage of total family net worth when aggregated.

Yes No Unsure

THE COST OF COORDINATION FAILURE

Research from Vanguard and Morningstar estimates that disciplined tax management — including asset location, tax-loss harvesting, and withdrawal sequencing — can add 0.50% to 1.50% annually in after-tax returns. However, these benefits require coordination between the investment manager and the tax preparer. [3]

Estate & Legal Alignment

The most expensive estate planning mistakes are not drafting errors. They are coordination failures.

05

Trust Funding Verification

Are trust documents actually funded and titled correctly? This is the single most common failure point in estate planning. Families pay attorneys to draft trusts, then never transfer the relevant assets into them. An unfunded trust provides no probate avoidance, no asset protection, and no tax benefit.

Yes No Unsure

06

Beneficiary Designation Review

Do beneficiary designations on all retirement accounts, insurance policies, and annuities match the current estate plan? Beneficiary designations are contractual and override will and trust provisions. An outdated designation can direct significant assets to an unintended recipient.

Yes No Unsure

07

Life Event Alignment

Has the estate plan been reviewed since the last major life event — marriage, divorce, birth of a grandchild, business sale, relocation, or significant change in net worth?

Yes No Unsure

08

Irrevocable Trust Administration ^[1]

Are ILITs, IDGTs, GRATs, and CRTs being administered as designed? ILITs require Crummey notices. IDGTs require promissory note payments. GRATs require annuity payments on schedule. Failure to administer properly can cause the IRS to disregard the trust structure under IRC §2036.

Yes No Unsure

09

Investment-Estate Coordination

Is the estate attorney aware of the current investment allocation inside trusts? The investment strategy inside an irrevocable trust should reflect the trust's purpose — growth for a GRAT, income for a CRT, preservation for an ILIT.

Yes No Unsure

⚠ IRC §2036: THE COORDINATION TRAP

When irrevocable trusts are not administered in coordination with the broader financial plan, the IRS may argue that the grantor retained effective control — triggering inclusion of trust assets in the taxable estate under IRC §2036. Proper administration requires ongoing coordination between estate attorney, trustee, investment manager, and CPA.

Risk & Insurance Coordination

Coverage that was adequate at a prior net worth or life stage may be insufficient or misstructured today.

10 Umbrella Liability Coverage

Does your umbrella liability coverage reflect your current net worth? A \$1 million umbrella on a \$20 million net worth is a material gap. Coverage should be sized to the family's total exposure, including real estate, vehicles, watercraft, and public-facing activities.

Yes No Unsure

11 Life Insurance Structure ^[2]

Is life insurance held in an Irrevocable Life Insurance Trust (ILIT)? Personally owned proceeds are included in the gross estate for estate tax purposes. An ILIT removes the death benefit from the taxable estate entirely. A three-year lookback period applies under IRC §2035 for transferred policies.

Yes No Unsure

12 Business and Personal Risk Alignment

Are business risks — key person insurance, buy-sell agreement funding, business interruption — aligned with the personal estate plan? Buy-sell agreements should be coordinated with estate planning for consistent valuation and to avoid double taxation.

Yes No Unsure

13 Property and Casualty Review

Has property and casualty coverage been reviewed against actual asset values? Real estate appreciation, art collections, and jewelry may have outgrown their coverage limits. Homes in multiple jurisdictions may require separate policies.

Yes No Unsure

Operational Coordination

The infrastructure that connects advisors and ensures follow-through separates families who have a plan from families who execute one.

14 Consolidated Financial View

Is there a single consolidated view of all accounts, entities, holdings, and liabilities across the family? Without a consolidated balance sheet, it is impossible to assess total risk exposure or evaluate asset allocation in context.

Yes No Unsure

15 Cash Flow Tracking Across Entities

Are cash flows across trusts, entities, and personal accounts tracked and projected? Complex cash flow patterns can create liquidity gaps if not anticipated. A twelve-month forward projection across all entities is a foundational tool.

Yes No Unsure

16

Document Inventory

Is there a current, centralized inventory of all legal, tax, financial, and insurance documents with version control and expiration tracking? Missing or outdated documents are one of the most common discoveries in a coordination audit.

Yes No Unsure

17

Advisor Communication Cadence

Is there a defined quarterly (minimum) communication schedule among all advisors? Most coordination failures occur not because advisors disagree, but because they are unaware of what the other advisors are doing or planning.

Yes No Unsure

18

Accountability for Follow-Through

Is there a clear point of accountability for ensuring advisor recommendations are implemented? Without someone tracking follow-through, many recommendations remain permanently in draft form. This coordinating role is the most undervalued function in private wealth management.

Yes No Unsure

THE COORDINATING ADVISOR

These coordination gaps are not caused by advisor incompetence — they are caused by the absence of a coordinating function. The families that close these gaps most effectively designate one advisor whose primary role is integration: connecting the work of all other professionals into a coherent, continuously maintained strategy.

Self-Assessment

Count the number of questions where you can confidently answer “yes.”

● 15–18

WELL COORDINATED

Your advisory team appears to be communicating effectively. Annual review is sufficient to maintain alignment.

● 10–14

COORDINATION GAPS PRESENT

There are areas where your advisors may be operating independently in ways that create inefficiency or risk. A structured review could identify opportunities.

● Below

10

SIGNIFICANT INTEGRATION RISK

Multiple areas of your financial life lack coordination. The cumulative cost — in taxes, risk, and missed opportunities — may be substantial. A comprehensive audit is recommended.

REFERENCES & NOTES

- [1] IRC §2036 — Transfers with Retained Life Estate. The IRS may include trust assets in the gross estate if administration lapses suggest retained control. See 26 U.S.C. § 2036.
- [2] IRC §2035 — Adjustments for Certain Gifts Made Within Three Years of Death. Life insurance policies transferred to an ILIT within three years of death are included in the gross estate. See 26 U.S.C. § 2035.
- [3] Vanguard, “Putting a Value on Your Value: Quantifying Vanguard Advisor’s Alpha,” 2019. Morningstar, “The Value of Tax-Efficient Fund Placement,” 2020. Both estimate annual benefit of coordinated tax management at 0.50%–1.50%.

[4] This audit framework is for informational and educational purposes only. Individual circumstances vary significantly. Consult qualified legal, tax, and financial advisors.

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