Positioned for the future

How we helped a high-level corporate executive gain more freedom to focus on his company, knowing he has a plan in place for his personal finances

A proactive approach

– Like many high-level executives, our client was very focused on his company and family with little time to devote to his personal finances.

– Working closely with his other professional advisors, we were able to proactively identify and manage an overconcentration in his company stock, free up funds for a planned renovation and put a plan in place for his retirement.

Challenge

– A high-level executive at a major pharmaceutical company sought financial advice for major renovations on his home. He had accumulated shares of stock in his company, in addition to his compensation package, which includes restricted stock and exercisable nonqualified stock options.

– In addition, he is contemplating retiring to Florida, where he and his family have vacationed for many years.

– Our analysis of his full compensation package, property, and retirement and pension plans revealed that he was overconcentrated in company-related stock.

Strategy

– We first tackled our client's concentration in his company's stock and the threat this posed to his overall wealth. This meant navigating regulatory restrictions and corporate policies, as well as public perception of his selling stock.

– After reviewing various strategies, our client decided on a private sale of his stock options back to the company, which would not be reported publicly.

– For the planned renovation, we set up a 10b5-1 program to sell some of his company holdings, which would allow him to sell shares during black out periods and not be subject to insider information.

– Our plan allows him to extend both his deferred compensation and withdrawals from his retirement plans until he and his family move to Florida, which has no income or estate tax.

Outcome

– Our client can now feel more confident about his overall wealth picture, knowing his concentration risk has been identified and is being actively managed.

– He and his wife also can now feel more confident to move forward with the planned renovations to their home, knowing he has a plan in place to manage the sale of his company stock.

– In addition, the family is now looking into setting up various trust structures so they can transfer their wealth to their two children in a tax-efficient manner.

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