

THE UNOPENED STATEMENTS

Entrepreneur Case Study



CLIENT CHARACTERISTICS

- **Client Assets:** Concentrated public equity position
- **Interests:** Estate planning, next-generation planning and personal finance management

Brian, a public company CEO and a father of two, had founded a company a decade earlier and taken it public just a year or so before we met him. The growth trajectory had been exceptional, and the performance of the share price had reflected as much. Brian was (unsurprisingly) very heavily concentrated in the stock of his company. Although his company was succeeding, Brian's personal wealth management was lacking the attention it needed.

The time and focus that it takes to build a great business is extraordinary. And the demands on a public company CEO are equally as relentless. It's not uncommon for executives to neglect their personal financial lives almost entirely. They can become unmotivated to make it a priority as they devote their time and attention to shareholders and employees.

SOLUTIONS

Tax Planning | Because Brian's children were young, he did not yet have numerous accounts for various trusts and entities, making our first task of analyzing his holdings relatively straightforward. From our findings, there were some immediate opportunities for long-term tax planning that resulted in positive outcomes for his family.

Stock Management | Our initial focus was on Brian's ownership stake in his company. We presented a gradual diversification strategy to reduce regulatory risk. We also saw an opportunity to remove some of the stock from Brian's taxable estate through a grantor retained annuity trust (GRAT). Soon after, a major market event caused the stock to drop significantly in price, giving us an opportunity to transfer shares to his children through the GRAT at a lower basis.

Enhanced Financial Organization | We discovered he was still paying a property management company for a home he had sold a year earlier—unbeknownst to both parties—and we also located a small private equity investment made years earlier that had been mailing statements to that address.

Next Generation Planning | We reviewed the Uniform Transfers to Minors Act (UTMA) accounts that Brian and his wife had set up for their children in the early days of their success and found that their son's account had appreciated much more than their daughter's. In turn, Brian chose to true up the daughter's account. We also created trusts for the children, allowing for much greater parental control over what would now be a much larger denominator.