

Case study

Helping an entrepreneur meet **post-exit needs** Private Wealth Management

Following a successful exit, our client had a number of needs which needed to be addressed and solved.

The situation

Our client, the founder and former CEO of a leading technology company, sold his company in a stock transaction to a publicly traded competitor.

We were introduced to the client by the attorney negotiating his employment contract with the acquiring company. Based on our longstanding experience working with entrepreneurs preparing for and going through liquidity events, the lawyer negotiating the client's employment agreement introduced the client to us. Virtually all of the client's net worth was concentrated in the acquirer's stock. His concerns included:

1. Determining the amount of stock he should sell with the goal of providing for a secure financial future.
2. Executing a diversification strategy seeking to protect the downside risk in his stock.
3. Building a team to handle his wealth management needs.
4. Developing a comprehensive, multigenerational financial plan.

The strategy

Our first step was to build and coordinate a team of advisors including a CPA, trust and estate attorney, executive compensation attorney and insurance specialist. Along with these advisors, we collaborated with UBS Advanced Planning specialists to develop effective strategies designed to help the client to minimize taxes and optimize his proceeds from the sale.

Next, we took our client through our Set-for-Life Liquidity (SELL) Process to help determine how much value he would need to extract from his concentrated stock position to help fund his future spending objectives. This process

inputs an individual's long-term financial goals and spending objectives into UBS's financial planning tools. The process generates various "what-if" scenarios, which we review with the individual to help determine which scenario has the amount needed to meet their goals.

Based on this, he agreed to diversify his stock position to help secure his financial goals. We reduced his holding to under 5% of his net worth, mitigating capital losses as the stock declined over 70% since exiting his position.

With his financial plan and our goals-based investment strategy, the client made several real estate investments and launched a new business. We recommended a leading insurance company to perform a comprehensive P&C insurance review, which led to a new coverage plan designed to improve his liability protection. In collaboration with a life insurance consultant, we also suggested that he would likely benefit from a large permanent life policy, which we helped put in place.

Finally, when he decided to leave the acquiring company, the compensation attorney that we introduced him to negotiated his departure favorably, with an accelerated vesting of his earnout.

The net result

As a result of developing and executing a comprehensive, multigenerational financial plan and asset diversification strategy, our client was able to leave the acquirer of his business to pursue new entrepreneurial opportunities and venture investments. We continue to provide him with ongoing comprehensive financial advice so he can focus on his passions.

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