

# Case study

## Empowering women to take control of their finances

More than half of married women leave the financial decisions to their spouses, yet eight out of ten will be alone and in charge of their finances one day.<sup>1</sup> We work with our female clients to break the cycle and coach them to financial confidence.

### **Case 1—Newly widowed client lacks financial knowledge**

#### **The situation**

Our 66-year-old client's husband had been in failing health for a few years. The husband wanted to make sure his wife was prepared and well taken care of after he was gone. Although she had previously resisted getting involved in financial decisions for the household, she wanted to make sure she had enough to live on and to gift assets to her son after she passed.

#### **The strategy**

Prior to the husband's passing, we went to their home to meet over several months to bring them both up to speed and ensure all paperwork (beneficiaries, powers of attorney, wills, etc.) was in good order. We worked with their accountant, estate attorney and son directly to make sure all items were in order. Each meeting had a different focus (e.g., budgeting, wealth planning, estate planning strategies), all with the goal of reducing her anxiety about managing her own finances.

The client had some low-basis stock that she had owned long-term. She didn't want to own the stocks anymore, but the taxes from selling would be costly. Before the husband passed away, we swapped similar value stocks between his account and hers so that at his passing the stocks would be step-up in basis. This allowed her to diversify away from those stocks and avoid the taxes.

#### **The result**

Our client is comfortably living within her planned budget. While she still gets nervous with market fluctuations, she now has enough knowledge and confidence in our relationship to make well-informed financial decisions and is on track to meet her financial aspirations.

### **Case 2—A founder, but financial novice, inherits wealth**

#### **The situation**

Our 37-year-old client was the founder and CEO of a business services company. She didn't have the appropriate amount of time to manage her personal wealth and had relied on her husband in the past. She inherited significant wealth and decided she needed to take control, which led her to become a client.

#### **The strategy**

Due to her long hours, there wasn't much time for educational meetings. Through our regularly scheduled one-on-one meetings, she was able to block out the same hour on her schedule monthly.

These meetings covered topics ranging from wealth strategies and investments to planning for college for kids, liability needs, and estate and tax planning strategies. The client realized her husband had neglected their investments, and they had left money on the table by not contributing to retirement plans or education plans for their son. We introduced her to an estate attorney, CPA and many UBS experts to help ensure all her wealth planning was in line with appropriate advice and her team of advisors were all working together to help her simplify her financial life.

#### **The result**

Our client took charge of her financial life rather than being a passive bystander. She and her husband now have a clear wealth strategy that has instilled greater confidence that their financial aspirations are being met for the future. Arguably, the main benefit has been the assembly of the team of professionals all working fluidly with one another for the family.

<sup>1</sup> UBS, *Own Your Worth*, 2023

# Case study

## Preparing the next generation

Many families spend time preparing money for their family, but almost no time preparing their family for money. We work diligently with our clients to help ensure the next generation is ready for the wealth they may inherit.

### Case 1—Wealth across generations

#### The situation

A family matriarch in her seventies expressed concerns about the capability of the three generations below her to successfully inherit a large fortune (over \$500 million in combined net worth) and the responsibility that comes with it. She was extremely philanthropically inclined and wanted to clarify and fortify family values.

#### The strategy

We proposed semiannual family meetings with over 20 family members across generations, along with their lawyers and accountants. In the initial meeting, we had the family together create a mission statement that was informed by their family values. These family meetings were used to inform successive generations as to what the family values were and start to expose them to some of the wealth that may one day be theirs. Additionally, it was a great excuse to get everyone together. We held educational meetings with the younger generations to get them comfortable with being financially responsible.

To get the family actively involved in the family finances and charitable organizations, donor-advised funds were set up with enough capital for each bloodline family member. Each of them gave presentations on how they were going to donate their allocated charitable dollars. This got each family member personally and financially invested in the future of the family and their respective charities.

#### The result

After several years, the family has solidified their values, and the younger generations are being groomed to successfully manage the family's wealth.

### Case 2—A problem money couldn't solve

#### The situation

A couple in their early eighties, with over \$50 million net worth, became concerned about who would take care of them and their finances as they aged, since their three children had never been involved. The husband, a former CEO who was used to taking charge, noticed that his wife had been forgetting conversations, among other things. Through some initial medical tests, they found out that she was developing Alzheimer's. For the first time in our client's life, he didn't know what to do. No amount of money was going to fix this problem.

#### The strategy

At one of our client meetings, the Alzheimer's issue came up. The portfolio review stopped at that moment, and a brainstorming session started. We used our deep network of contacts to find a leading Alzheimer's research doctor to schedule an appointment immediately. After an evaluation, the doctor was able to plainly answer any questions they had and put their minds at ease knowing they had the best care possible.

Since the husband began worrying about his own mortality, he became equally worried about who would take care of the finances after he was gone. We proposed a family meeting with his daughter and attorney to grant her the appropriate authorizations (HIPPA, POA, health care proxy, etc.) and developed a plan for her to start getting more involved in her parents' finances.

#### The result

The client has resources to help ensure his wife will be taken care of in any situation and is slowly involving his children more in their finances so that they are better prepared both to help their parents, if needed, and when they eventually inherit wealth.



# Case study

## Maximizing a founder's post-sale proceeds with proper planning

### The situation

Over the years, we developed a relationship with our client, the founder of a software business, years in advance of the sale of his company. Over this time, we introduced the client to our resources, took him through our wealth management process to address their most pressing needs as well as introducing best practices on wealth planning.

### The strategy

In the years leading up to the sale of his business, we had many conversations with our client and his wife. These focused on his primary concern of having proper planning to address a number of issues upon exit, including:

- Minimization of taxes upon sale
- Protection of his assets from potential creditors
- Multigenerational planning to ensure future generations of his family are cared for

We advised and educated our client and his wife on several strategies that could help them achieve their desired wealth aspirations. Despite their agreement on the appropriateness of these strategies, they chose not to move forward immediately.

Two weeks prior to finalizing a purchase and sale agreement to sell his company, our client called to ask if we could quickly implement the strategies we discussed.

In response, we quickly formed a team consisting of members of the UBS Advanced Planning Group, a trust and estate attorney, and an accountant focused on ultra high net worth issues, both whom we have an established relationship with.

UBS acted as the lead in the process and in an extremely short time frame, we put in place a DING Trust (Delaware Incomplete Non-grantor Trust), which enabled the client to protect his assets from creditors while simultaneously eliminating state capital gains taxes, saving the client millions of dollars.

In addition, we took our client through our pre-liquidity wealth management process to help determine how much value he would need to extract from the stake in his company to fund his family's future spending objectives. Our process helped identify several different strategies and "what if" scenarios that outlined the client's assets, long-term financial outcomes and spending habits. After careful review, we agreed upon a strategy that instilled confidence in what the transaction would mean to them personally and identified how much total liquid wealth was needed to make it all happen.

### The result

Using our resources, network and experience managing wealth for entrepreneurs, we were able to help our client to position his family to maximize their economic benefit from the sale of his company, all while managing all the moving parts of the process that allowed our client to focus his time on running the business, closing the sale and spending time with his family.



# Case study

## Helping entrepreneurs manage hard-earned cash

Our clients acquired significant, concentrated wealth and required strategies for addressing risk, monetization and participation in stock appreciation potential.

### Case 1—Global CEO with concentrated position

#### The situation

Our client is the founder and CEO of a significant global businesses, as well as an active investor. He acquired a significant concentrated equity position following an IPO of a biotechnology company in which he was the seed investor. He expressed the dual objective of preserving the value of his position while also monetizing a portion of his holdings for investment purposes.

#### The strategy

Our client is a sophisticated investor, and we sought to educate him on the risks of holding a highly concentrated equity position, options for liquidating and/or helping to preserve this position and the tax consequences of these strategies. Working with the UBS Equity Solutions team, we presented the client with the strategy that we thought best fit his needs, a prepaid variable forward (PPV). He agreed with us that this could achieve his dual objectives of immediate monetization and hedging for this holding.

#### The result

The immediate liquidity from this transaction was critical to his subsequent successful acquisition of the controlling interest in a significant European-based global corporation that was complementary to the businesses he already owned. As a result of our discussions, he has taken our advice on continuing to diversify opportunities outside of his concentrated equity holding.

### Case 2—Tech entrepreneur with liquidity needs

#### The situation

Our client is the founder and former CEO of a leading technology company. His company was acquired by a publicly traded competitor. When the deal closed, virtually all of his net worth was in this concentrated equity position. He was retained by the acquiring company, which limited his ability to diversify the holding. As a novice investor, our client relied on our advice and counsel in order to pursue his objective of seeing some of the stock appreciation while seeking to preserve the value of his concentrated stock position.

#### The strategy

We spent a significant amount of time discussing the costs and benefits of various strategies to help our client gain liquidity, minimize downside risk, all while participating in some potential upside. Our client required liquidity to fund real estate purchases and a trust. On our advice, the client agreed to start diversifying his concentrated equity holding on a scheduled basis so that emotion would not trump logic. The strategy reduced his concentrated holding to less than five percent of his net worth. This helped mitigate significant capital losses as his stock declined 61% since the exit of the position. We also put a line of credit in place that provides immediate additional liquidity at low cost.

#### The result

We reinvested our client's proceeds in a diversified portfolio, and his net worth is less risky and more diversified than when we first started to work with him. With greater confidence in the security of his financial future, he left the acquiring company and is making venture investments and seeking other entrepreneurial opportunities.



# Case study

## Helping an entrepreneur meet post-exit needs

Following a successful exit, our client had several needs that required to be addressed and solved.

### The situation

Our client, the founder and former CEO of a leading digital advertising business, 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 executing liquidity events, the lawyer representing the client introduced us. Essentially, all 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 to protect the downside risk in his stock
3. Building a team to handle his wealth management needs
4. Developing a comprehensive and multigenerational wealth management strategy

### 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 an insurance specialist. Along with these advisors, we collaborated with UBS Advanced Planning specialists to develop effective strategies designed to help the client minimize taxes and optimize his proceeds from the sale.

Next, we took our client through our pre-liquidity wealth management process to help determine how much value he would need to extract from his concentrated stock position to help fund his future spending objectives. Based on this, he agreed to diversify his stock position to help secure his financial aspirations. We reduced the holding to under 5% of his net worth, mitigating capital losses as the stock declined over 70% since exiting his position.

With his formalized UBS wealth strategy plan, the client made several real estate investments and launched a new business. To fund the new business venture, we set up a line of credit against his holdings to create the necessary liquidity.

### The result

As a result of developing and executing a detailed multigenerational wealth plan and an asset diversification strategy, our client was able to leave the acquirer of his business to pursue new entrepreneurial opportunities and venture investments. On an ongoing basis, we continue to provide him with financial advice on both his public and private holdings.



# Case study

## Helping a CEO to fund an acquisition

Our client, a global business entrepreneur with liquidity needs, was able to fund a complex acquisition that increased his global business significantly.

### The situation

Our client, the founder and CEO of two global businesses headquartered in the US and Australia, confided in us that he intended to participate in an auction to acquire a significant, European-based company in his industry. This client has been a valued relationship of ours for many years. In addition to helping him manage his liquid assets, we often serve as a sounding board on other important decisions he is contemplating.

Over the years, we have helped him borrow funds at extremely attractive rates, implemented commodity hedging strategies, covered call writing programs to generate cash on concentrated stock holdings and developed and executed hedging strategies on concentrated equity positions.

Once we were notified that our client was partnering with a private equity firm for the auction, we strategized with him on the most optimal approaches to fund his share of the bid.

### The strategy

By the time our client learned that he had won the auction, we were prepared to present various funding strategies. Our client and his family were actively utilizing their securities-backed credit line for several real estate transactions. Though our client planned to pay down the balance, we determined that using this credit line was not an optimal strategy for funding his share of this acquisition bid.

Our client holds two concentrated stock positions with us, and we presented him with strategies to use these in order to raise cash.

Working with UBS's structured solutions team, we offered two monetization and hedging strategies. We advised the client on his options and collectively determined a prepaid variable forward contract was most appropriate for his needs.

Our team collaborated with multiple parties in different countries over three days to meet the funding deadline set by the auction. This included oversight of transactions from the UBS Strategic Equity Solutions team executing the prepaid variable contract and our F/X desk executing euro-denominated forward wires. We were able to give him rapid access to \$11 million without resorting to selling highly appreciated stock and incurring capital gains taxes.

### The result

Our client appreciated the thoughtful advice, creative solutions and attention to detail on our part that helped him to successfully acquire this European company. This acquisition not only has the potential to increase our client's net worth but may help increase the reach and growth potential of his existing business. We were very happy we were able to provide our client advice that helped him put in place a funding strategy that enabled him to accelerate closing this complex acquisition.

## How to get in touch?

### Flatiron Partners

#### UBS Financial Services Inc.

Private Wealth Management

299 Park Avenue, 26th Floor

New York, NY, 10171

<https://advisors.ubs.com/flatiron/>

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