

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

Through the use of 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 \$158 million 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.

How to get in touch?

Saman Samii, CEPA

Financial Advisor

214-981-0514

saman.samii@ubs.com

UBS Financial Services Inc.

100 Crescent Court, Suite 600

Dallas, TX 75201

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