

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 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 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.

How to get in touch?

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