

Private Wealth Management

Developing a strategic **wealth transfer plan**

The challenge

A couple had a substantial concentrated stock position in an international plastics corporation. Their other investments had suffered large losses during a recent market downturn, and they felt they were taking excessive risk. They wondered how they might transfer some of their accumulated wealth to heirs and whether their current investment strategy was right for them.

The strategy

Their Private Wealth Advisor team was firmly committed to a financial planning approach for every relationship. They guided the couple through this process to better understand their unique needs and goals and identify how much risk was appropriate in light of their objectives.

The team then performed a detailed analysis of the concentrated stock holding and proposed a number of potential hedging and monetization strategies. They ultimately established a systematic sales execution plan to diversify the position and redeploy the proceeds to their clients' investment portfolio over time, which greatly reduced volatility while increasing income to meet cash flow needs.

The team also partnered with the couple's estate planning attorney and the Private Wealth Management trust and estates specialist to fully map out their legacy plan. All agreed that in addition to the outright stock sale, it would be advantageous for the clients to each place retained stock into a grantor retained annuity trust (GRAT) to remove potential stock appreciation from their estate. Lastly, they recommended establishing an irrevocable life insurance trust to potentially offset some of their future federal estate tax liabilities and preserve assets that would be passed to heirs.

The follow-up

As a result of their collaborative efforts, these Private Wealth Advisors significantly reduced their clients' concentrated risk exposure just before the stock suffered a major decline. They also helped identify strategies for efficiently passing wealth to future generations.

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