

Case Study

An Executive Planning for Retirement

Most clients nearing retirement desire to maintain their lifestyle. A dedicated Financial Advisor can help such clients plan for this important moment and transition in their lives.

Background

A 52-year old President and CEO of a local public biotech company, our client owned a primary residence in Philadelphia and vacation home in Boca Raton, Florida. Each home was worth about \$1 million with a modest amount of mortgage debt on each. The client's 401(k) plan was about \$1 million, primarily in company stock. He had \$4 million in options and Restricted Stock Units (RSU) that were vesting over the next four years. The client also owned \$2 million of unrestricted shares, but they were subject to trading restrictions.

The Client's Goals and Our Solutions

The client wanted to retire in ten years and make renovations on his vacation home.

Client's Goals	Our Solutions
Retirement Savings The client wanted to work for the biotech company another ten years in order to afford retirement and reach his savings goal.	We completed a customized financial plan to retire him in ten years, at age 62, on a net \$200,000 per year. It was determined that with continued savings in the client's 401(k) and long term equity compensation of stock grants and cash (of which \$200,000 per year could be dedicated towards retirement savings), the client was on track towards his goal. He would have \$8 million saved by the age of 62 to support the necessary \$200,000 per year in retirement income he needed until age 90.
Reducing a Concentrated Stock Position Being an executive in the company, the client wanted to reduce his concentrated stock position to provide liquidity in his portfolio.	By working with the company's general counsel, we instituted a 10b5-1 selling program . This plan allows a corporate insider to diversify holdings with a set schedule of sales at a predetermined price and predetermined time. This provides liquidity and allows a client to diversify from the concentrated stock position over time.
Vacation Home Renovations With two high-school aged children, the client wanted to have money for college handled effectively.	The client wanted to complete renovations in Boca Raton that would require about \$400,000. While confident that the 10b5-1 plan would generate the liquidity over time, he wanted to begin renovations now. We set up a Liquidity Access Line (LAL) that would allow the client to borrow against the concentrated stock position and pay down the loan as stock liquidated.

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