

Case Study

Setting Yourself Up for Success




After a liquidity event, implementing the right strategy is critical. We provide the information you need to help make smart decisions before, during and after a liquidity event.

Leveraging Best Practices During Your Liquidity Event

Alexis was an early employee at a successful SaaS company that recently IPO'd, which put her equity position at \$52 million. While she's proud of the success, she misses working at a small start-up. She's thinking of leaving the company and needs guidance. She wants to know how much stock to sell, how to remain private and how to plan for the future.

Alexis' Needs:

- How to Sell Equity Wisely
- Lifestyle Planning
- Asset Protection + Privacy

 Equity Strategies <i>Balance Sentiment + Diversification</i>	 Scheduling Spending <i>Trust, Estate, and Tax Planning</i>	 Asset Protection <i>Unintended Risks</i>
<p>Sales Scheduling</p> <p>To spread out the tax impact, we designed a disciplined sale schedule for 85% of her position over three years.</p> <p>Derivatives</p> <p>Utilizing capital market option strategies, Alexis was able to benefit from a higher stock upside and partially hedge downside risk until her target diversification was met.</p> <p>Gifting</p> <p>We recommended she use part of the stock for charitable giving to offset taxes.</p>	<p>Cash Flow Analysis</p> <p>We ran a series of cash flow analyses to show Alexis the impact of spending at different levels while accounting for inflation, taxes, and forward-looking market expectations.</p> <p>Portfolio Construction</p> <p>We reverse engineered a portfolio construction aligned with Alexis' remaining company position, ongoing spending needs, long-term horizon and risk tolerance.</p>	<p>Trust + Estate Planning</p> <p>We discussed trust and estate planning with Alexis and walked her through foundational documents she would need in the event of death or disability, as well as the decisions she would need to make. When she was ready, we introduced her to an attorney, coordinated the process, and updated the titling of her accounts upon completion.</p> <p>Privacy</p> <p>We guided Alexis through the pros and cons of creating an LLC to add greater anonymity for her upcoming home purchase and ongoing angel investments.</p>
<p>Benefits</p> <ul style="list-style-type: none"> • Alexis optimized tax planning, allowing for substantial savings due to both the strategic sale strategy and gifting of appreciated assets. 	<p>Benefits</p> <ul style="list-style-type: none"> • Alexis reduced her balance sheet risk, allowing her to feel more comfortable leaving the company with the knowledge that she could live off her diversified portfolio. 	<p>Benefits</p> <ul style="list-style-type: none"> • Alexis is a resident of California. By establishing a revocable trust, she is no longer subject to probate.

Conclusion:

Drawing on deep expertise in working with founders, executives, and early employees, BNY Mellon Wealth Management helped Alexis sell equity wisely, design a portfolio to support her lifestyle, and optimize her planning.

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