

A New Corporate Position Raises Questions

Background

A top-level corporate executive with more than 30 years of experience had negotiated a complex and exciting compensation package with a new employer. The position he was taking on would be mentally demanding and would reduce his family time, but if his compensation package was managed appropriately, it would afford him and his family a new lifestyle.

The executive needed support from a highly skilled wealth management firm to ensure he could keep his mental focus on his new position while maximizing his time spent with his family. He enlisted Spectrum Wealth Management to develop a strategic plan.

Strategy

The Spectrum team carefully reviewed the executive's compensation package to identify areas that needed immediate attention and compiled a plan to address each. These focus items included his:

- deferred compensation package; concentrated stock position;
- stock awards and restricted stock options; strategies to minimize tax liability;
- savings metrics required to maintain a new lifestyle; life and disability policy (and any potential gaps)
- opportunities to expand and diversify charitable giving.

Outcome

The Spectrum team implemented his strategic plan, resulting in a number of positive outcomes:

- Tax law research uncovered an opportunity to pay 100 percent of the FICA tax on the deferred compensation at retirement, which reduced the executive's tax burden.
- Appreciated stock positions were incorporated into a charitable gifting plan. Cash flow projections identified the best times to exercise stock awards.
- Existing insurance policies were improved to align with future needs. A new estate plan would help protect his family's interests.
- A process to automate and review cash flows against budget projections would save time and reduce stress.

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