



HIGHTOWER  
Trust Company

# CASE STUDY

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### Concentrated Positions

**CLIENT PROFILE:** Hightower Advisor Sophia has a client, Mike, who is a 55-year-old former executive at a tech firm. Mike enjoyed a successful career and was thrilled to watch the stock of the company he worked for increase significantly in value over time. He was fortunate to receive a large portion of his compensation in shares but has become concerned, however, with the risk that having a concentrated position may present. He wants to reduce risk and minimize taxes, if possible. He also wants to be thoughtful about disposition and careful not to run afoul of any regulations that come with selling stock while still an insider. In the past he completed a 10b5-1 plan to help ensure he wasn't trading based on any insider information. Mike is divorced and is very close with his two children, who are in college.

**CHALLENGE:** Mike wants a smart strategy that will help him reduce his concentrated position and get the assets out of his estate prior to the 2025 sunset of current estate and gift tax exemption statutes, but is leery of what would happen if he gave up control because he does not want to inadvertently break any insider trading rules or cause a large taxable event. He likes the idea of giving something to his children while he is alive and can see them enjoy it. Sophia is eager to help find Mike the right solution. She's a sophisticated advisor who has seen a lot of different family circumstances over the years. She also has a good understanding of what is important to Mike. Sophia has discussions with Mike's attorney and accountant. Together, they map out a strategy that checks most of the boxes for Mike. Finally, she decides to "phone a friend" and call Hightower Trust Company to help ensure they could accept the concentrated stock position.





**SOLUTION:** Sophia presented several solutions to Mike include the following: a Donor-advised Fund, a Grantor Retained Annuity Trust (GRAT) and a trust with corporate trustee solution for his children. Mike chose to implement all of these solutions. He liked the idea of giving some of his highly appreciated stock to the donor-advised Fund that Sophia helped him identify because he could get immediate tax relief while choosing to spread his charitable giving out over time. He liked the GRAT solution because he could take immediate income while eventually benefiting his children. He also liked Hightower Trust Company as the corporate trustee because he could work with them to teach his children how to manage wealth while he was still young and healthy. Sophia appreciated how Hightower Trust Company found multiple investment solutions to divest from his concentrated stock position, such as exchange funds and direct indexing. They even worked with his attorney to determine whether a 10b5-1 plan was needed. Mike felt confident and empowered with his choice, while Sophia was pleased with an excellent client outcome.

**RESULTS:** Mike was able to reduce his concentration, diversify his holdings and provide a legacy for his children while setting aside funds for charitable giving in the future with current tax benefits.

**CONCLUSION:** Mike's journey from concern over his concentrated stock position to confidently implementing a diversified and strategic wealth plan showcases the importance of personalized financial advice. With Sophia's experience and the collaborative efforts of his attorney, accountant, and Hightower Trust Company, Mike achieved a comprehensive solution that not only reduced his risk but also provided significant tax benefits and a meaningful legacy for his children. This holistic approach of combining GRATs, Donor-advised Funds and a trust with a corporate trustee illustrates the value of sophisticated financial planning. Mike now enjoys knowing his financial future is secure and aligned with his goals including charitable giving, while, his children are set to benefit from his thoughtful planning. Sophia's dedication and the support from Hightower Trust Company underscore the impact of tailored advisory services in helping to achieve exemplary client outcomes.

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