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Utilizing Equity Compensation Grants for a Comprehensive Wealth Management Plan

No matter how complex your wealth management needs might be, we collaborate closely with you understanding your unique goals. We tailor a comprehensive wealth management plan that aligns with your unique circumstances and needs.

Case Study:

A Senior Software Engineer of a publicly traded technology company had amassed a significant portfolio including company stock, qualified and non-qualified options, restricted share units, restricted share awards, and ESPP shares. Contemplating retirement, the engineer wanted to diversify his holdings in a tax efficient way while maintaining enough company stock for future appreciation. He also wanted support his estate planning needs and charitable goals.

Our Strategy:

In collaboration with the engineer's tax advisor, estate planning attorney, and insights from his company's CFO office regarding the company's insider trading policy, we would conduct a comprehensive wealth management analysis. This involves reviewing vesting schedules, purchase requirements, risks, and tax implications for each equity compensation grant under various circumstances.

Projections of portfolio values would be made under different scenarios, accounting for stock price fluctuations, investor perceptions, additional grants, and potential changes in the planning timeline. Our recommendations could include a comprehensive exercise and sale plan for his option grants, a 10b5-1 selling plan, the establishment of a charitable remainder trust, aiming to provide retirement income and income tax deduction to be used to reduce the potential income tax due on the sale of highly appreciated, low basis shares.

To diversify a portion of his shares without selling stock and incurring additional income tax, we would also look into utilizing an exchange fund partnership, enhancing diversification in a tax efficient manner.

To provide additional income in retirement, we would consider creating a fixed income portfolio with the goal of providing the client income now and into retirement. Depending on the client's retirement income tax situation and investment objectives, we would consider building a tax-free municipal bond portfolio or taxable fixed income portfolio.

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

Targeted outcome:

We expect the client to hold a well-diversified portfolio in an effort to mitigate concentrated stock risk while generating income for retirement. Retaining a substantial stake in the company's common stock supports future appreciation potential, charitable endeavors, and estate planning goals.

For option grants, we would expect the client to have a systematic and tax-efficient exercise and sale strategy. Coordination of potential income tax deductions from charitable gifts would have been implemented to offset taxes on future stock sales and option exercises. In summary, the plan is designed to provide a comprehensive approach to wealth management for his current needs while working and preparing him over time for a comfortable retirement.

This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results.

The solutions discussed may not be appropriate for your personal situation, even if it is similar to the example presented. Investors should make their own decisions based on their specific investment objectives and financial circumstances. It should not be assumed that the recommendations made in this situation achieved any of the goals mentioned