

The PREpare versus REpair Hit List Series

EXECUTIVES IN TRANSITION PREPARING TO CHANGE C-SUITES

"It is better to prepare and prevent than it is to repair and repent." - Ezra Taft Benson

MISSION CRITICAL:

- ❑ Understand your Severance Package – Cashflow, Bonus payment, Non-Complete Agreements, Pension, etc.
 - ❑ Bonus: Is it contractual? Do you have to be employed to receive it? Can you negotiate a partial year bonus?
 - ❑ Pension: Are you fully vested? Are you being offered a lump sum? What will you leave behind?
 - ❑ If you have a minority interest in a non-publicly traded company, what are your options?
- ❑ Evaluate insurance needs including Health, Life, and Long-Term Disability – Review portability, needs, and cost (Keep in mind these policies, although typically portable, are often egregiously expensive due to an insurance concept referred to as "adverse selection")
- ❑ Review Employee Stock Purchase Plan, Stock Option and/or Restricted Stock rules and parameters – Vesting schedules, blackout windows, sale provisions, forced liquidations, etc.
- ❑ Examine Non-Qualified Deferred Compensation program rules – payment schedule, rollover opportunities, forced liquidation, etc.
- ❑ Draft Debt/Cash Management plan – What is the most efficient way to gain access to liquidity should you need it?
- ❑ While currently employed, establish a HELOC for financial flexibility (Banks oftentimes require two years of uninterrupted employment to qualify)

PRESSING CONSIDERATIONS:

- ❑ Decide what to do with funds in your company-sponsored retirement plan (401(k), 403(b), etc.) – typically you can either leave it where it is, transfer funds to your new employer plan, consolidate into an IRA/Roth IRA as applicable via a rollover, or cash out the account which is a taxable event
- ❑ Understand potential tax consequences – Will any of the above trigger Alternative Minimum Tax or other tax issues?
- ❑ Review existing financial plan to get your "financial house" in order
 - ❑ Create a personalized Net Worth Statement – Itemize "what you got" and "where it is"
 - ❑ Spend Rate Awareness – What does your desired lifestyle really cost? (We call this calculating Your Number!)
 - ❑ Retirement income analysis – Can you retire now?
 - ❑ Develop personalized asset allocation strategy – Include employee benefits (particularly concentrated stock)
 - ❑ Wealth Transfer and Estate Plans – Review estate plans for overall relevancy, efficiency, and potential gaps
- ❑ Career planning – What do you want to do now?

For additional detail or help sorting through all this...contact the financial planning ninjas at Dashboard!



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