



PRE-LIQUIDITY PLANNING

Sophisticated Estate & Tax Mitigation Strategies for business owners & executives planning for a future transaction

Lisa J. Walsh, CPWA®, CEPA®

Private Wealth Advisor
Certified Exit Planning Advisor
Senior Vice President, Investments

Paul Metcalfe, CEPA®, AAMS™, AIF®

AVP, Wealth Management
Certified Exit Planning Advisor
Accredited Investment Fiduciary

Private Wealth Advisor is a designation awarded by Raymond James to financial advisors who have demonstrated mastery in anticipating and managing the expansive financial needs of high-net-worth individuals, families, and organizations.



8,800+
financial advisors



2X
more than two times the
required total capital
ratio



\$1.56 trillion
in client assets

SUCCESS 60 YEARS IN THE MAKING

- Founded in 1962; public since 1983
- A network of over **8,800 financial advisors***
- More than **2x** required total capital ratio
- Approximately **\$1.56 trillion** in total client assets*
- **148** consecutive quarters of profitability*
- Not bank-owned and never received TARP money
- Stable outlook credit ratings of **A-**, **A-** and **A3** from Fitch, S&P and Moody's*

BUILT AROUND THE BUSINESS OF ADVISING

Private Client Group

Three wholly owned broker/dealers: RJA, RJFS, Raymond James Ltd.

Asset Management Services

Comprehensive service and products, SMAs, advisory programs

Global Equities & Investment Banking

Industry-renowned research, investment banking, sales, trading

Fixed Income Capital Markets

Top 10 public finance dept., taxable bonds, municipal bonds

69%

*The Private Client Group is
the core of our business,
making up 68% of total
revenue**

*As of 12/31/2024. Past performance is not an indication of future results. The information provided is for informational purposes only and is not a solicitation to buy or sell Raymond James Financial stock. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency. Raymond James Bank is an affiliate of Raymond James & Associates, Inc., and Raymond James Financial Services, Inc. © 2025 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. © 2025 Raymond James Financial Services, Inc., member FINRA/SIPC. Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value. 24-BDMKT-6826 BS 2/25

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EXIT PLANNING TIMELINE

Business Planning Timeline



Your Attorney



Your Tax Professional

Personal Planning Timeline



Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.
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POTENTIAL TAX PLANNING STRATEGIES

TIMING OF PLANNING	INCOME TAX MITIGATION	TRANSFER TAX MITIGATION
PRE-LIQUIDITY	<ul style="list-style-type: none">• Donor Advised Fund• Private Family Foundation• Charitable Remainder Trust	<ul style="list-style-type: none">• Recapitalization• Generation Skipping Transfer Trust• Dynasty Trust• Grantor Retained Annuity Trust• Sale to Defective Grantor Trust• Domestic Asset Protection Trust• Beneficiary Defective Inheritor's Trust®• Donor Advised Fund• Private Family Foundation• Charitable Remainder Trust• Charitable Lead Trust
POST-LIQUIDITY	<ul style="list-style-type: none">• Gain Deferral on Sale of QSBS• Gain Exclusion on Sale of QSBS• Gain Deferral on Sale of ESOP• Donor Advised Fund• Private Family Foundation• Charitable Remainder Trust	<ul style="list-style-type: none">• Donor Advised Fund• Private Family Foundation• Charitable Remainder Trust• Charitable Lead Trust

CAPITAL GAINS TAX STRATEGY - QSBS

Date Founder Stock Acquired	No QSBS Base	8/10/93 - 2/17/09*	2/18/09 – 9/27/10**	9/28/10 -***
Exclusion Amount		50% Exclusion	75% Exclusion	100% Exclusion
Market Value	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Basis	\$0	\$0	\$0	\$0
Gain Exclusion	N/A	\$5,000,000	\$7,500,000	\$10,000,000
Ordinary Tax	\$2,380,000	\$1,590,000	\$795,000	\$0
AMT Tax	\$2,380,000	\$1,688,000	\$942,000	\$0
Net	\$7,620,000	\$8,312,000	\$9,058,000	\$10,000,000
Effective Tax Rate	23.8%	16.88%	9.42%	0.00%
Tax Savings	N/A	\$692,000	\$1,438,000	\$2,380,000

Note: In all the above scenarios, the current market value of the stock is \$10,000,000 with a cost basis of \$0. It was acquired on December 1 in years 2008, 2009, and 2010, respectively. In order to meet the five-year holding period requirement, the stock could not be sold before December 1, 2013, 2014, and 2015, respectively. No QSBS exclusion has previously been used. Analysis assumes no other income sources, so the taxpayer's tax liability is the greater of the ordinary tax and the alternative minimum tax (AMT).

In the No QSBS base case scenario, the taxpayer pays the federal long-term capital gains tax rate of 23.8% on the realized gains.

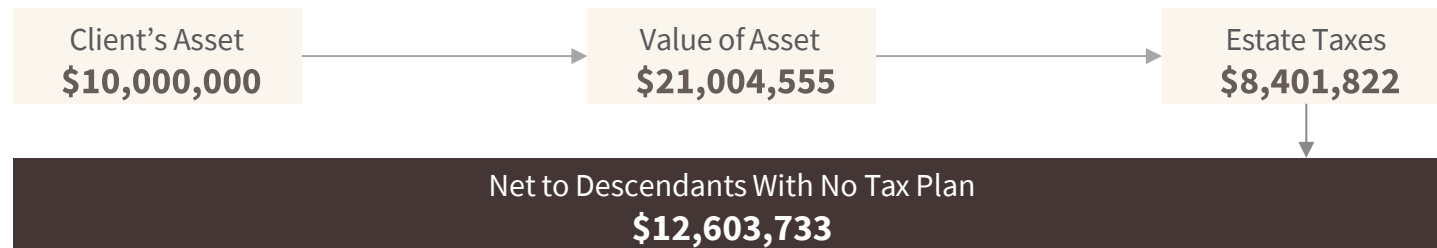
*In the 50% exclusion scenario, the taxpayer pays the federal QSBS capital gains tax rate (including Medicare surtax) of 31.8% on the gain above \$5,000,000 plus 28% on 7% of the excluded portion of the gain as an AMT preference item for an effective tax rate of 16.88%. Ordinary taxes do not include the preference item.

**In the 75% exclusion scenario, the taxpayer pays the federal QSBS capital gains tax rate (including Medicare surtax) of 31.8% on the gain above \$7,500,000 plus 28% on 7% of the excluded portion of the gain as an AMT preference item for an effective tax rate of 9.42%. Ordinary taxes do not include the preference item.

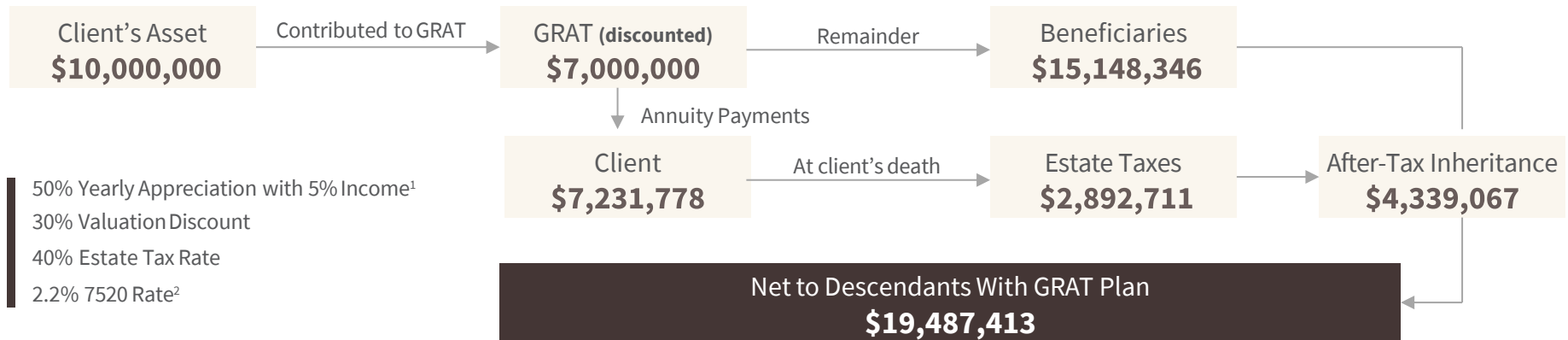
***In the 100% exclusion scenario, the effective tax rate is 0%.

ESTATE TAX STRATEGY - GRAT

SCENARIO 1: NO TAX PLAN



SCENARIO 2: WITH 2-YEAR GRAT



50% Yearly Appreciation with 5% Income¹
30% Valuation Discount
40% Estate Tax Rate
2.2% 7520 Rate²

¹ There is no guarantee that the investment return on the trust assets will exceed the IRS discount rate.

² Section 7520 interest rates are used to value certain charitable interests in trusts. While the interest rate used in this example was for illustrative purposes only, 7520 rates are calculated monthly and are equal to 120% of the applicable federal mid-term rate (compounded annually) for the month in which the valuation date falls rounded to the nearest two-tenths of one percent. ³ If the grantor dies during the GRAT term, all remaining GRAT assets (including appreciation) return to the grantor's taxable estate. If the grantor survives the GRAT term, then only the value of the annuity payments remains part of the grantor's taxable estate. This information was developed by Raymond James. It is general in nature and is intended solely to illustrate conceptually how a particular estate planning technique might work, based on various assumptions. Whether the planning technique is appropriate for you will depend on your goals and your specific situation. This is not a complete statement of all information necessary for making an investment decision nor a recommendation or a solicitation to buy or sell any security. Investments and strategies mentioned may not be suitable for all investors. Past performance may not be indicative of future results. Raymond James does not advise on tax, legal, or mortgage issues. These matters should be discussed with an appropriate professional.

Investment products are not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk, and may lose value.

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FAMILY OFFICE SERVICES



Investment Management Solutions

Alternative Investments

- Hedge funds
- Private equity funds
- Real estate funds
- Structured products
- Private placements

Tax-Managed Strategies

- Asset location for tax mitigation
- Private placement life insurance
- Tax-deferred vehicles

Fixed Income

- Cross-asset class portfolio analysis
- Tailored bond portfolios
- Shock analysis

Asset Management Service

- Separately managed accounts (SMAs)
- Direct indexing, covered call & boutique strategies, high-net-worth portfolios



Estate and Charitable Planning

Raymond James Trust **

- Comprehensive trust administration
- Estate and trust settlement
- Delaware directed trusts
- Special needs trusts

Philanthropic Giving

- Donor-advised funds
- Annual charitable gifts
- Charity advised accounts
- Charitable remainder trusts
- Charitable lead trusts
- Private foundations

Succession Services

- Strategies for tax-efficient transfer to the next generation or next level of leadership

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Private Banking and Lending*

- Mortgage Solutions
- Securities-based lending
- Structured lending
- Cash Management Strategies
- Customized strategies for short- and long-term cash needs

*Banking and Lending Services provided by Raymond James Bank, FDIC, affiliated with Raymond James Financial Services and Raymond James & Associates, Inc.



Risk Mitigation and Management

Gap Analysis

- Umbrella Coverage
- Property & Casualty Insurance review
- Life & Health Insurance review

- Fraud Protection & Monitoring
- Fraud remediation support
- Current and Future needs assessment
- Document and record management
- Tax reporting documents
- Consolidated Reporting
- Healthcare concierge



Intergenerational Wealth Strategies

Tax-Managed Wealth Transfer

- Legacy Planning
- Qualified personal residence trusts
- Dynasty and incentive trusts
- Gifting strategies

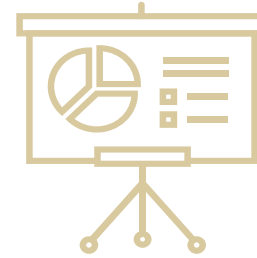


Family Planning and Education

- Family Meetings
- Customized Family Education Program
- Family Governance
- Succession Planning
- Generational Planning
- Family Core Values and Vision

CAPITAL ALLOCATION

We have found there are three major buckets clients need to fill. Capital allocation and investment strategy may vary significantly for each of your goals inside the bucket.



Living	Legacy	Charitable
<ul style="list-style-type: none">• Major Purchases• Cash Flow• Tax-Efficient Investing	<ul style="list-style-type: none">• Creating a family legacy• Generational Gifting and Planning• Trust & Estate Strategies	<ul style="list-style-type: none">• Family Foundation• Donor Advised Fund• Charitable Remainder Trust
		

*“Markets change,
but our values remain
the same.”*



We put clients first

If we do what's right for clients, the firm will do well and we'll all benefit.

We act with integrity

We put others above ourselves, and what's right above what's easy. We believe doing well and doing good aren't mutually exclusive.

We value independence

We respect autonomy, celebrate individuality, and welcome diverse perspectives, while encouraging collaboration and innovation.

We think long term

We act responsibly, taking a conservative approach that translates into a strong and stable firm for clients, advisors, associates, and shareholders.



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