



## **DEVELOPING STRATEGIES FOR CORPORATE EXECUTIVES**

Raymond James financial advisors can address the unique planning needs of corporate executives.

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**RAYMOND JAMES®**

**YOU WORK HARD LOOKING OUT FOR YOUR COMPANY'S FUTURE. ARE YOU PLANNING JUST AS CAREFULLY FOR YOUR OWN?**

As a corporate executive, you understand that planning is at the heart of running a successful business. The same is true for your own future. However, between the time-consuming demands of your job and the often complex nature of your personal financial circumstances, planning for your own future can be difficult. Your Raymond James financial advisor understands these challenges and has access to the expertise to consolidate multiple issues into a comprehensive strategy designed to help achieve your financial goals.

Our consultative approach spans the entire spectrum of issues affecting corporate executives while taking into account the challenges of balancing personal and corporate responsibilities and objectives. Our process involves evaluating each case individually and tailoring strategies around clients' unique circumstances.

## INDIVIDUAL STRATEGIES

Many of the strategies unique to executives can be complicated, requiring navigation through various legal, tax and estate planning issues. Often, executives are so dedicated to performing their duties at work, they do not apply the same attention to their personal planning. Every situation is different, so we invite you to review your specific circumstances with your financial advisor. Depending on your specific needs, these may include:

- Stock option planning
- Concentrated equity strategies
- Restricted stock and 83(b) elections
- 10b5-1 plans
- Cash management and lending solutions
- Net unrealized appreciation

## CORPORATE STRATEGIES

Many executives face similar decision-making challenges at the corporate level. Issues such as the design and administration of various benefit plans, marketing to institutional investors, or executing a corporate repurchase program can create additional layers of time-consuming responsibility. Your Raymond James financial advisor has access to a full range of corporate solutions to help you weigh the pros and cons of various topics including:

- Benefit plan design and administration
- Share repurchases
- Institutional marketing
- Investment banking services
- Corporate lending



**YOUR FINANCIAL NEEDS ARE UNIQUE.  
YOUR PERSONAL STRATEGY SHOULD BE, TOO.**

**STOCK OPTION PLANNING**

Corporate executives often receive a significant portion of their compensation in the form of stock options. Stock options entitle the holder to purchase a specified number of shares of company stock at a pre-determined price (the strike price) on or before the expiration date. There are two types of employer stock options (ESOs): incentive stock options (ISOs) and non-qualified stock options (NQSOs). ISOs are sometimes called “qualified” stock options. If strict rules regarding the granting, exercising and subsequent holding of ISOs are followed, they carry special tax treatment. NQSOs do not have to meet the same requirements as ISOs and, therefore, are much more flexible than ISOs for employers and employees.

ISOs may receive favorable tax treatment. If certain conditions are met, they are not taxed in the regular tax system until the stock positions are actually sold. No tax is incurred upon grant or exercise of the options, and when the stock is eventually sold, long-term capital gains tax rates will apply.

NQSOs are not subject to the same requirements as ISOs. As such, NQSOs are taxable to the holder upon exercise. When an NQSO is exercised, the difference between the current market price and the exercise price is taxable as compensation, or ordinary income. Any appreciation in the stock price that may occur after exercise is taxable at long- or short-term capital gains rates, depending on the holding period.

Planning for the exercise of your ESOs can be complicated. Your Raymond James financial advisor can help you develop a plan that fits your needs. This may include funding for an exercise in cash or with borrowed funds,\* a cashless exercise, or stock swap. There are also tax issues to consider including the timing of taxable events and possible exposure to the alternative minimum tax (AMT).

\*A margin account may not be suitable for all investors. Borrowing on margin and using securities as collateral may involve a high degree of risk. Market conditions can magnify any potential for loss. If the market turns against the investor, he or she may be required to deposit additional securities and/or cash in the account. The securities in the account may be sold to meet the margin call, and the firm can sell the investors' securities without contacting them. The interest rates charged are determined by the amount borrowed. Visit [SEC.GOV/INVESTOR/PUBS/MARGIN.HTM](http://SEC.GOV/INVESTOR/PUBS/MARGIN.HTM) for additional information.

**RESTRICTED STOCK AND 83(b) ELECTIONS**

For corporate executives, “restricted stock” generally refers to stocks whose shares are legally restricted, or to restricted stock grants received as equity compensation.

**Legal Restrictions**

**REGULATORY**

These restrictions typically apply to unregistered securities or shares owned by corporate affiliates. An affiliate is generally defined as a person who controls or is controlled by a company. Officers, directors and beneficial owners of more than 10% of the outstanding shares are usually assumed to be affiliates. Owners of stock covered by regulatory restrictions must follow certain guidelines when transacting in company stock. These guidelines are primarily given by Rule 144 of the Securities Act of 1933 and Section 16 under the Securities Exchange Act of 1934. There are many issues to consider when selling controlled stock including certain volume limitations, required filing forms and the avoidance of short-swing profits.

**CONTRACTUAL**

Stock can be restricted via a contractual agreement. A common example of this is when a stock is secured between a shareholder and the company and/or the underwriter associated with a public or private securities offering, corporate reorganization, or merger.

**CORPORATE**

Corporate restrictions may include blackout windows and trading policies specific to each company that govern when insiders can transact in their company shares and what type of transactions are allowed or prohibited.

**Equity Compensation**

In addition to stock options, companies often reward employees with grants of stock to enhance compensation packages and align personal wealth with company success. These grants typically come in the form of shares, units or rights.

Generally, there is no tax event upon the grant of a restricted stock award. There is typically a vesting date in the future, at which time the award becomes the legal possession of the employee and is taxed as compensation. This vesting date may be a specific day, staggered over several years or tied to a certain performance measurement.

**83(b) ELECTIONS**

Employees who receive a restricted stock award can elect to pay compensation tax at the time of grant instead of at the time of vesting by choosing the 83(b) election within 30 days of receiving the grant. This option is only available for restricted stock, not rights or units. Careful consideration needs to be made when assessing the value of electing 83(b). Until the award vests, the employee faces the risk of forfeiting the stock if he or she is separated from employment. Any taxes prepaid via an 83(b) election will not be refunded in the event of separation of service.

*Your Raymond James financial advisor along with other available specialists can help you navigate the various requirements of Rule 144, Section 16, restricted stock grants and the 83(b) election if your personal situation includes restricted stock.*

**PROCESS FOR STOCK  
OPTION ANALYSIS**

Analyze options positions  
and vesting/expiration  
schedules



Determine timing of  
exercise while evaluating  
tax implications



Analyze methods to  
pay for exercise



Assess how the newly  
exercised shares fit into  
your overall portfolio

**10b5-1 PLANS**

10b5-1 plans offer a valuable solution for executives who often find they are prohibited from executing trades in their employers' stocks for as many as nine months of the year.

Rule 10b5-1 creates an affirmative defense to charges of insider trading for an executive transacting in his or her company's stock. Rule 10b5-1 says that, so long as the plan is adopted at a time when the executive has no material, non-public information, the executive is protected from insider trading liability even if he or she has material, non-public information at the time the transaction actually occurs.

Rule 10b5-1 plans can be used to buy or sell stock, exercise stock options, or facilitate other transactions in an executive's stock including certain hedging and monetization strategies. One of the key features of these plans is that they can be tailored to each individual's specific set of circumstances. This allows an executive to define the number of shares or dollar values, prices at which executions can occur, and the timing of transactions over the course of the plan.

Raymond James has several plan templates that can be used for various transactions by corporate insiders. Your financial advisor can help you determine the inputs that best fit your objectives and facilitate the execution of a 10b5-1 plan.

**CASH MANAGEMENT AND LENDING SOLUTIONS**

Corporate executives often need access to quick and easy liquidity. For instance, cash from a loan against your existing investments (a margin loan\*) may be used to fund an option exercise. Raymond James offers a variety of lending solutions at competitive rates. In addition, we can provide the products you need for your personal day-to-day cash management such as check writing, debit cards, ATM access, electronic bill payment and credit cards with rewards.

\*A margin account may not be suitable for all investors. Borrowing on margin and using securities as collateral may involve a high degree of risk and may not be appropriate for all investors. Market conditions can magnify any potential for loss. If the market turns against the investor, he or she may be required to deposit additional securities and/or cash in the account. The securities in the account may be sold to meet the margin call, and the firm can sell investors' securities without contacting them. The interest rates charged are determined by the amount borrowed.

A 10b5-1 plan must be adopted at a time when the executive is not aware of any material, nonpublic information and the company trading window is open. The plan must specify the amount, price, and date of the transactions or formulas that determine those variables.

**NET UNREALIZED APPRECIATION (NUA)**

Corporate executives frequently hold large amounts of their employers' stock inside qualified retirement plans, such as 401(k)s or ESOPs. While these shares are held inside their retirement plans, there are no tax consequences. Only when the time comes to transfer the shares out of the plans do taxes become an issue.

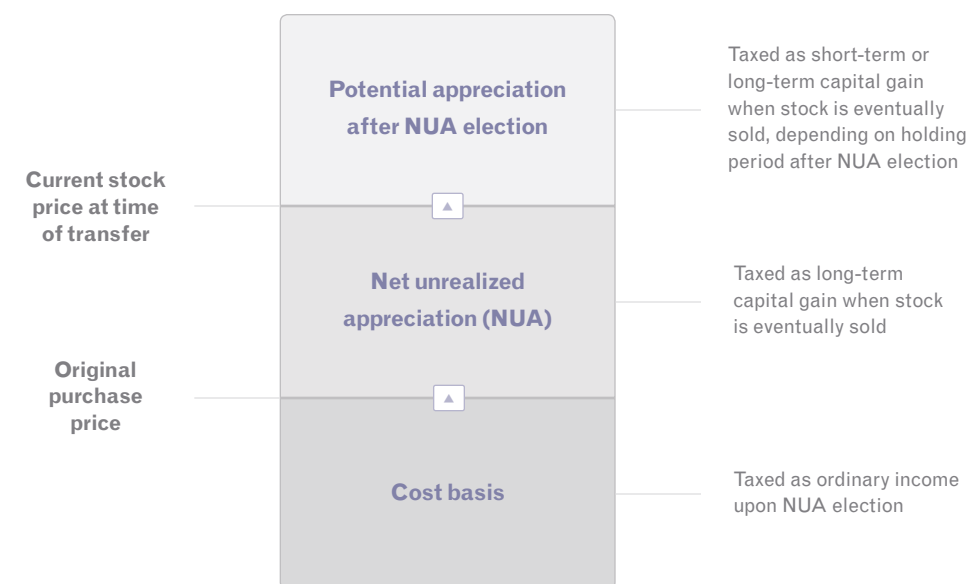
Often, it seems the best option is to roll the shares into a self-directed traditional IRA, because this is a tax-free transaction. In this scenario, no tax is incurred until a distribution is taken from the IRA. At that time, the whole distribution is taxed at ordinary income tax rates.

Individuals who hold substantial amounts of employer stock in qualified plans may be able to benefit from the net unrealized appreciation (NUA) of that stock. For

example, if an individual chooses to take a lump-sum distribution from his or her qualified plan and deposits the employer stock in a regular brokerage account, he or she may ultimately pay less in taxes. Here's why: Only the cost basis of the stock is taxed at ordinary rates upon transfer. The value between the cost basis and the fair market value at the time of the transfer (the NUA) is not taxed until the position is sold. At that time, it is taxed at preferential capital gains rates.

This strategy makes the most sense when the cost basis is relatively low compared to the total value of the stock position. Your Raymond James financial advisor can work with your tax professional to evaluate your situation and determine if NUA is appropriate for you.

**Tax treatments of employer stock positions for which NUA treatment is selected**





**YOUR LONG-TERM GOALS REQUIRE THE SAME DEPTH OF PLANNING AS YOUR COMPANY'S.**



**CONCENTRATED EQUITY**

The strategies highlighted previously fit into broader planning issues. One common to corporate executives is having a concentration in employer stock. While this can be an issue for many investors, executives who work for the companies in which they own concentrations have to consider additional factors when balancing their personal financial plans with their responsibilities to company shareholders. These factors include ownership of low cost-basis shares, stock options and shares owned in retirement plans; the fact that their company salaries are a primary source of income; and that many times their families' health insurance and other benefits are subsidized by their companies.

If a company were to experience an unexpected collapse in fundamentals and/or share price, the impact on an executive is magnified due to the broad array of exposure included in his or her concentration.

There are a variety of solutions available to address a concentration in company stock. These can be grouped into five general categories based on what they are designed to achieve for you:

- Risk reduction
- Liquidity
- Income enhancement
- Tax-efficient diversification
- Tax-efficient gifting

Your Raymond James financial advisor can review various solutions to address a concentration in your company stock including techniques to manage the impact of the public disclosure of certain activities within the company's existing shareholder base.

Your advisor will work to build a wealth management plan targeting your long-term goals. This plan may include one or more of the topics discussed in this material along with broader issues, detailed on the following page.

**Investment Management**

From high-quality individual stock and bond analysis to various asset management programs, Raymond James can facilitate a multitude of investing strategies. Your Raymond James financial advisor can provide institutional-level investment capabilities including forward-looking asset allocation models, extensive outside manager diligence, award-winning equity research commentary and access to varied alternative investments\* such as structured products, hedge funds, managed futures and private equity offerings.

**Estate Planning Strategies**

Every individual and family has unique goals. Creating an estate plan that meets those goals requires careful consideration and expertise to ensure that the tools and strategies employed accomplish your objectives in the most efficient manner. An improperly structured estate plan can have unintended consequences such as higher taxes, assets not going to intended heirs or not having the liquidity needed to pay estate taxes – leaving your loved ones having to sell assets possibly at an inopportune time.

Whether an existing plan needs to be reviewed or better incorporated into your overall financial plan, your Raymond James financial advisor can assist in this process.

\*Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum-net-worth tests. You should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. You should only invest in hedge funds, managed futures or other similar strategies if you do not require a liquid investment and can bear the risk of substantial losses. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided.

**Trust Services**

Confidence comes with choosing the right trustee to protect and administer the assets you have worked a lifetime to accumulate. Family members and friends may not be effective trustees due to a variety of reasons including emotional distress and lack of investment experience.

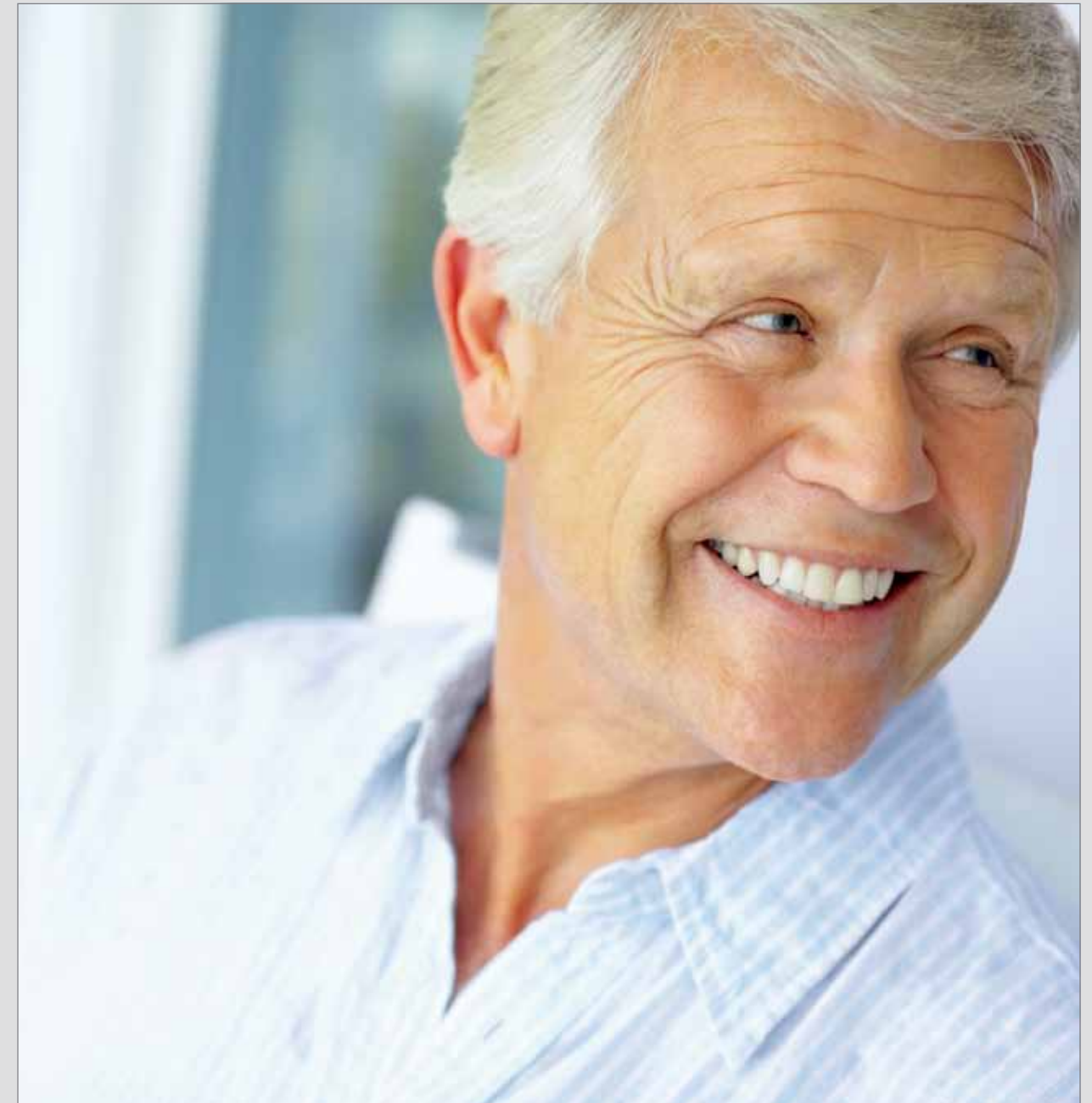
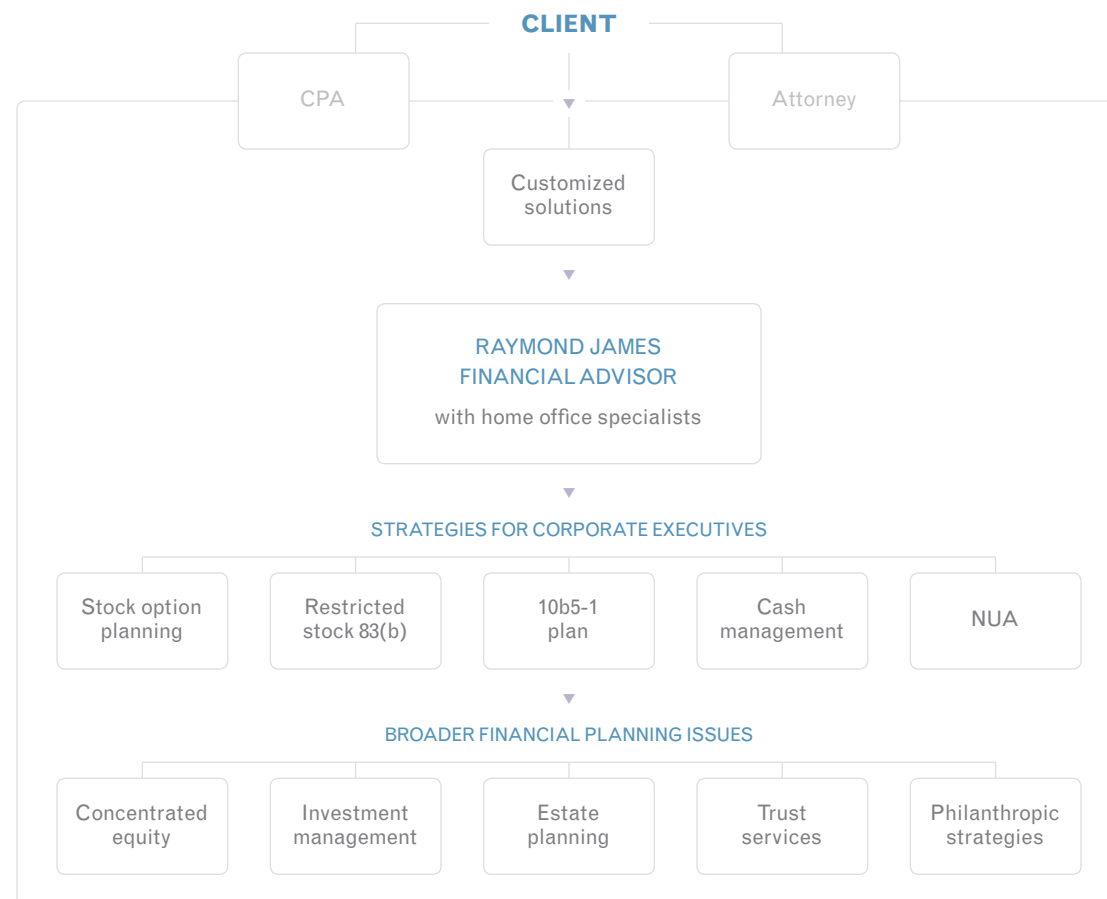
Raymond James Trust N.A. is a wholly owned subsidiary of Raymond James Financial, Inc. Naming an independent trustee, such as Raymond James Trust, eliminates the technical difficulties and emotional perils often involved with family and friends. It also ensures that your wishes are fulfilled as mandated by your trust documents.

**Philanthropic Strategies**

Many times, individuals who are fortunate enough to generate substantial amounts of wealth over their lifetimes have a desire to develop lasting impacts on their communities through charitable endeavors. Raymond James can help you define your philanthropic goals and execute a long-term giving strategy designed to maximize the value of your gifts while minimizing the tax impact on you and your estate.

**THE VALUE OF PROFESSIONAL ADVICE IS HARD TO MEASURE.  
BUT THE BENEFITS ARE EASY TO SEE.**

The issues affecting corporate executives involve many complicated variables. Seeking the advice of a professional financial advisor is imperative to ensure you achieve your long-term financial goals. Professional advisors bring a disciplined, unbiased perspective to your decision-making process that can help you avoid some of the mistakes commonly made by individual investors. Your Raymond James financial advisor will work in combination with other professionals, such as your CPA, attorney, your company's counsel and the experts at the Raymond James home office, to construct a customized plan targeting your specific objectives.



## YOUR COMPANY COUNTS ON YOU TO PLAN WELL. WE CAN HELP.

In addition to individual planning, many executives must make decisions related to corporate-level strategies. Through your relationship with your financial advisor, you have access to the full services available at Raymond James including consultants focused on a wide range of corporate solutions. These specialists are available to design and execute strategies including plan initiation or providing an independent analysis of the programs you currently have in place.

### BENEFIT PLAN DESIGN AND ADMINISTRATION

Offering a competitive employee benefits package is a key component to retaining your most valued employees. A variety of benefit plans can be provided to employees ranging from employee- or employer-funded, tax-advantaged retirement plans to plans that provide ownership in the company through either the ability to purchase stock at a discount or through stock option grants. Another example is a non-qualified deferred compensation plan, commonly funded through corporate-owned life insurance. Your Raymond James financial advisor has the tools and resources available to assist your company with defined benefit plans, defined contribution plans, stock option plan administration and insurance solutions.

### SHARE REPURCHASES

In periods of depressed stock prices, some companies elect to repurchase their stock on the secondary market through a variety of techniques including 10b-18 opportunistic repurchases or consistent corporate 10b5-1 plans. Implementation of a buyback plan can be an accretive strategy for existing shareholders. Raymond James has a dedicated team of corporate trading consultants available to work with your company in assessing and executing the best structure for a repurchase program.

### INSTITUTIONAL MARKETING

Maintaining active communication with the institutional shareholder community is a key function for company management. Raymond James' institutional marketing team leverages our strong relationships with more than 1,800 domestic and international institutional investors to assist in this effort. Through our Corporate Access program, we offer a variety of solutions to facilitate management interaction with investors including non-deal roadshows, field trips, and one-on-one meetings or conference calls.

### INVESTMENT BANKING SERVICES

Raymond James' broad range of investment banking services includes debt, equity and equity-linked capital-raising services through public and private offerings; merger and acquisition advisory services including sales and divestitures, tender offers, leveraged buyouts, takeover defenses, fairness opinions, and valuations; and corporate restructuring and reorganization.

Raymond James' Investment Banking division has eight industry-specific teams that facilitate a variety of capital market solutions. Additionally, there are three specialized transaction teams that work across all industries.

#### Industries of focus:

- Business, financial and technology services
- Consumer and retail
- Energy
- Financial institutions
- Healthcare
- Industrial growth
- Real estate
- Technology and communications

#### Transaction groups:

- Financial sponsors
- Mergers and acquisitions
- Recapitalization and restructuring

### CORPORATE LENDING

Raymond James Bank,\* a wholly owned subsidiary of Raymond James Financial, Inc., offers an array of corporate, real estate and high-net-worth lending programs designed to suit a variety of business needs in all 50 states. The bank's capabilities primarily include business lines of credit to fund working capital requirements, commercial real estate and construction financing, and securities-backed products such as collateralized loans and standby letters of credit. Additionally, the bank joins with many large financial institutions as a participant in national bank loan syndications. Raymond James Bank is committed to strict loan underwriting standards and conservative growth, reflecting the prudent management philosophy that characterizes its parent company.



\*Raymond James & Associates, Inc. and Raymond James Financial Services, Inc. are affiliated with Raymond James Bank, a federally chartered savings bank. Products, terms and conditions subject to change. Subject to standard credit criteria. Property insurance required. Flood insurance may be required.

Utilizing a securities-backed-products line of credit is not suitable for everyone. Loan clients using securities as collateral may be at risk of losing money in their collateral accounts due to market volatility. This may require the deposit of additional equity into a client's collateral account, which could result in further losses.

Though Raymond James Bank will typically contact clients or their financial advisors prior to liquidating pledged assets, Raymond James Bank reserves the right to sell pledged assets of its choosing without contacting clients, if needed to maintain equity in a collateral account. Trading in a collateral account is permissible provided that minimum-balance requirements are maintained.

If a loan client defaults (stops making monthly payments) on a loan, he or she could lose the securities that have been pledged. In addition to regular closing costs, an annual fee may be charged by Raymond James & Associates, Inc. for manual administration of the pledge accounts. Clients should consult with their financial advisors for details.





IN ORDER TO ACCURATELY EVALUATE YOUR FINANCIAL POSITION AND MAKE RECOMMENDATIONS, THE FOLLOWING INFORMATION IS NEEDED AND SHOULD BE OBTAINED IN PREPARATION FOR A FOLLOW UP MEETING.

**1. Current investment statements**

**2. Options summary statement**

Details current option grants including: grant and expiration date, vesting schedule, strike price, share quantity, type of option.

- *Can be obtained from employer*

**3. Summary of ownership of employer stock**

Specifies what you own outright, inside of qualified retirement plans [i.e. 401(k), profit sharing plans, ESOP, etc.], or in the form of restricted stock.

Will help establish approximately how much of your overall net worth can be attributed to your ownership of employer stock.

**4. Corporate trading policy**

Describes the timing of trading windows and what transactions are allowed or disallowed under company policy.

- *Can be obtained from employer*

**5. Benefit plan documents**

Outlines details and rules for any corporate benefit plans in which you participate.

- *Can be obtained from employer*

**6. Contact information for appropriate professionals**

Including but not limited to CPA, attorney, corporate council, benefit plan administrator, etc.

ADDITIONAL CONSIDERATIONS

Are you a control person at your company, subject to rule 144 or section 16?

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Have you bought or sold any employer stock over the previous 6 months?

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Does your company require a minimum ownership in stock?

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Experts from Raymond James, including your financial advisor and other specialists, are available to consult in several capacities. These can include educating your corporate board of directors on a variety of topics, hosting employee seminars on benefit plans and providing financial advice to senior management that incorporates sensitivity to the company's perspective. Because we value every client relationship, your decision to work with Raymond James provides you access to these additional levels of service.

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**LIFE WELL PLANNED.**

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**RAYMOND JAMES®**

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