RINET COMPANY™

Case Study

Are your business holdings so complex, you could benefit from a wealth manager to untangle them for maximum benefit to you and your heirs?

Overview

Situation: Client Michael Brown was a self-made man with varying degrees of ownership in twenty-five very diverse entities including a manufacturing business, commercial real estate and a sports team. No one besides him fully understood his holdings, so he despaired of organizing them for maximum benefit to his family and charitable interests.

Result: Michael feels secure that his $250 million in business holdings is being managed to meet his short-term and long-term goals, including financial security for his wife, daughter and charitable foundation as well as the survival of his core operating business after he's no longer around.

Method: The process involved:

- Michael's relationship manager regularly spending time at Michael's manufacturing headquarters to better understand the businesses as well as Michael's values, family situation and other factors relevant to achieving his goals
- Opportunistically fine-tuning Michael's financial arrangements, such as reducing his insurance premiums while updating his coverage from $20 million in whole life to $100 million of term policies better aligned with his needs
- Restructuring Michael's personal debt, including five new mortgages, after creating Michael's first personal financial statement
- Restructuring a commercial real estate holding to a joint venture with a developer who'll take responsibility for developing the holding, while freeing up cash tax-free for Michael and allowing him to benefit financially from future development of the real estate

Family situation

Michael Brown, 60 years old. Wife: Sally, 59 years old. Children: Ruth, 35 years old.

Business situation

Most of Michael's wealth was tied up in his business holdings.

Wealth management goals

Minimizing taxes, wealth transfer to daughter, charitable giving and business, investment, estate and retirement planning.

Complications in situation under discussion

- Michael's diverse business holdings posed a valuation challenge. They involved different kinds of entities and personalities, interests ranging from 100% to fractional and a wide range of goals.
- A very small family limited Michael's options for passing along his business holdings. Daughter Ruth doesn't plan to marry.
- Michael's liquid assets were limited.

Previous steps in the relationship

Earlier steps in the Browns' two-year relationship with RINET included:

- Developing one-year, five-year, ten-year and lifetime goals
- Developing a detailed understanding of Michael's business holdings, including who owns what, cash flows and their tax implications, what's essential to Michael's core business and what's most meaningful to Michael
- Collaborating with Michael's key professionals, including attorneys, accountant, insurance agent
- Retirement planning
- Benefits planning
- Insurance planning
- Estate planning

Current status

Michael is feeling less stress now that he knows that his business and personal financial affairs will be manageable if anything happens to him. He enjoys delegating projects to RINET that he previously felt compelled to handle on his own. He and Sally feel secure that their family will be well provided for, with plenty left for Michael's private charitable foundation. As Michael liquidates many of his business holdings, he anticipates moving with RINET from short-term cash management to more sophisticated investment management. Eventually RINET will become more involved in financial planning for Ruth and the other key person in Michael's company.

To learn how RINET can help you with integrated wealth management, call 617-488-2700 or visit our website at www.rinetco.com

* Client names and details have been changed to protect their identities.