

CASE STUDY

Suddenly Wealthy

We modify details in the case studies we share to protect the anonymity of our clients as well as to make them illustrative of the services we provide and outcomes we seek. They are not intended to be an assertion of a specific result. All are based on actual services we have provided and solutions we have implemented.

A sudden inflow of cash can come from a variety of sources. A business sale, inheritance, or divorce settlement are among the most common we see. And while becoming suddenly wealthy comes with life-changing benefits, it can also create anxiety. This is particularly true for those unaccustomed to dealing with financial markets.

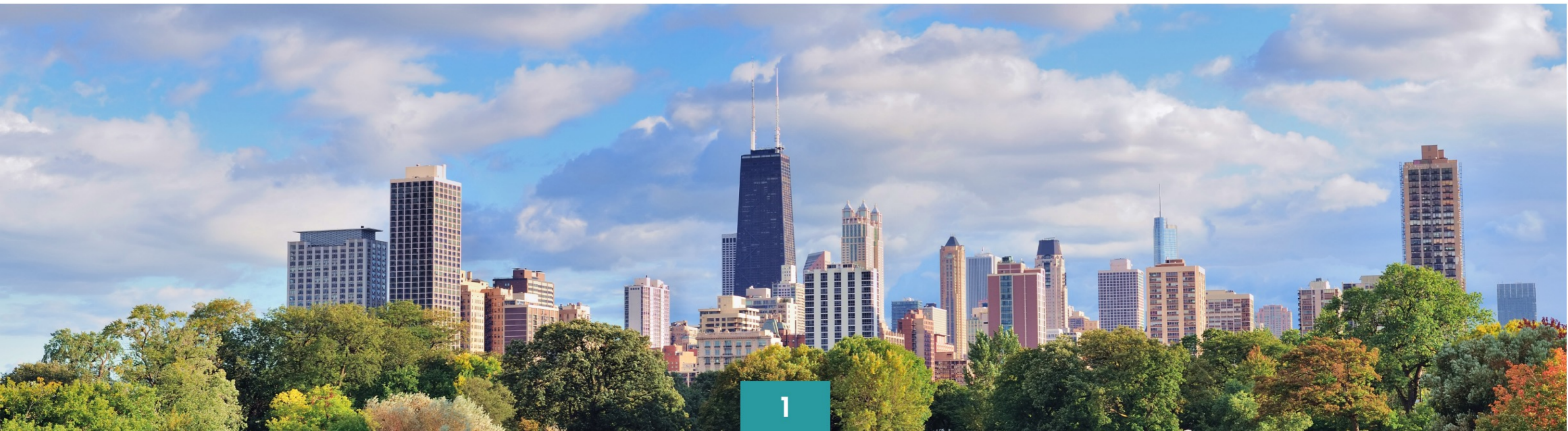
Sharon was referred to 1102 Partners by someone David had helped in a similar situation many years ago. She and her husband, whom we will call Bill, had spent nearly thirty years working together in what started as a single café and grew into a regional chain. A private equity firm approached Sharon and Bill with an offer they could not refuse – a cash buyout of nearly \$10 million. The couple quickly reached a deal which was scheduled to close in just four months.

Sharon and Bill had spent most of their waking hours working together in their labor of love and had reinvested most of their profits into growth initiatives. They had no retirement savings, brokerage accounts, or other investments. Bank checking accounts were their only interaction with the world of finance.

Sharon and Bill were soon to have more money than they had ever dreamed of, and after a one-year consulting gig with the acquiror, would have unlimited free time. The couple had no children, had rarely traveled, and had little time for hobbies. Life was about to change dramatically for Sharon and Bill.

How 1102 Partners Helped

Sharon's initial call centered on handling such a large transaction. She was aware that FDIC insurance on bank accounts tops out at \$250,000¹. We explained the difference between being a creditor of a bank, i.e., having funds on deposit, vs. owning US Treasury or other securities in an investment account at a financial institution.



This led to an agreement that the optimal first step was to immediately invest the proceeds in short-term Treasury Bills. Above all else Sharon wanted maximum initial safety for the funds. Decades of shared work had led to this moment; before considering long-term financial planning, she needed to feel secure and then take a breath.

At 1102 Partners, we meet our clients where they are. Sharon and Bill turned to us as neither had even limited experience with securities accounts or trading. Our job was to provide peace of mind around this transaction; planning for the future would come later. We quickly took charge of getting one business and two personal accounts established at Charles Schwab & Co., our preferred custodian. On the day the deal closed, funds wired to their local bank were then wired to the Schwab accounts, and we immediately invested the proceeds in short-term Treasury Bills.

When we say 1102 Partners provides a family office level of service, this is what we mean. In order to provide the peace of mind Sharon and Bill needed at this time, we took on the role of educator and administrator. Over the next few months these roles continued as we broadened their holdings to a laddered Treasury portfolio and prepared for upcoming tax payments. The next step will be to begin a process of creating a financial plan and investment policy for the couple. Given the major liquidity event and upcoming free time, helping them consider and arrive at their financial and personal goals stands to be an interesting and valuable journey – for them and for us as their advisor.

*For more information about **1102 Partners'** approach to wealth management based on a family office level of service and important disclosures, please visit www.1102partners.com and review our Form ADV Part 2A, available upon request.*

This case study is provided for illustrative purposes only to provide an example of the firm's process and methodology. The results portrayed in this case study are not representative of all client situations or experiences. An individual's experience may vary based on his or her individual circumstances and there can be no assurance that the firm will be able to achieve similar results in comparable situations. No portion of this case study is to be interpreted as a testimonial or endorsement of the firm's investment advisory services. The information contained herein should not be construed as personalized investment advice.

¹ The FDIC provides deposit insurance to protect your money in the event of a bank failure. Your deposits are automatically insured to at least \$250,000 at each FDIC-insured bank. Source: FDIC website