CREATIVE PLANNING®

YOUR GUIDE TO

Concentrated Stock Positions

Concentrated Stock Positions

What they are, the risks they pose and strategies to help you navigate their complexities

These days, most investors are aware of the importance of maintaining a diversified portfolio. Diversification across various investment types, regions, sectors, market caps, etc. can help smooth out volatility and protect against downside losses. However, many people find themselves less diversified than they'd like, thanks to a concentrated stock position.

Concentrated stock can be difficult to manage due to the potential tax exposure that can result from diversifying a position. However, maintaining a concentrated position can expose you to unnecessary risks.

In this guide, we offer an overview of concentrated stock, highlight important risks you should be aware of and offer strategies to help you diversify a concentrated position in a tax-efficient manner. We also highlight the importance of working with a qualified wealth manager to implement these strategies and provide steps to help you get started.

What qualifies as a concentrated stock position?

The term "concentrated stock" refers to a stock holding that represents a disproportionate percentage of an investor's portfolio. The term is relative, as it varies based on the size of a portfolio. For example, holding $100,000 in a single stock may be appropriate if you have a $10 million portfolio, but it would probably lead to concentration risks in a $1 million portfolio.

When determining whether your position is considered concentrated, it's important to consider all sources of holdings. For example, if you hold a company stock within your retirement plan, participate in an employee stock ownership plan (ESOP), have company shares within a mutual fund and are eligible for stock options, it's important to consider all these sources relative to the overall size of your portfolio.

Common ways to end up with a concentrated postilion

There are multiple ways investors find themselves with concentrated stock, including:

- **Company stock –** Some employers offer company stock or stock options as part of an overall compensation plan. Others allow employees to purchase stock at a reduced price. Over time, these stock holdings can begin to dominate a portfolio.
- **Inheritance –** Some heirs receive concentrated holdings in the form of an in-kind stock inheritance.
- **Business sale –** Business owners who sell their business to a public company sometimes receive compensation in the form of publicly traded shares of the purchasing firm.
- **Tremendous growth of a single stock –** Some investors have the insight to purchase stock in rapidly growing companies at a low price, such as Apple stock in 2007-08. Owning stock that experiences tremendous growth over time can lead to a highly concentrated portfolio.

The risks of holing a concentrated stock position

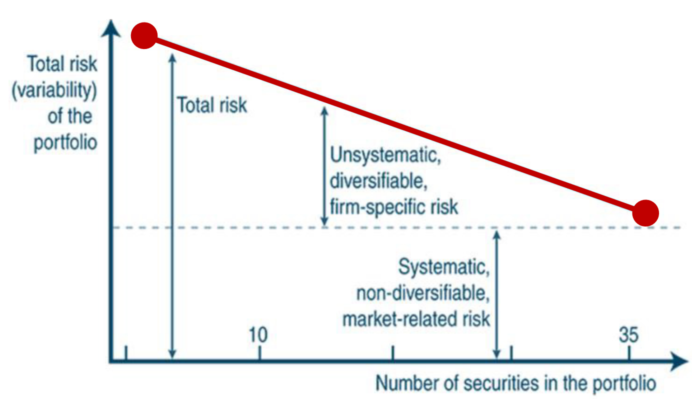
Being overly concentrated in a single position, sector or asset class can expose your portfolio to several unnecessary risks. Read on to learn more about four such risks.

RISK #1 - UNSYSTEMATIC RISK

Unsystematic risk, also known as diversifiable risk, is risk that's specific to a particular company or industry rather than the overall market. For example, this could be poor management decisions at a company that lead to poor performance.

Consider the chart to the right, which shows how unsystematic risk decreases as the number of securities within a portfolio increases. Note this benefit is maximized once the portfolio contains approximately 35 securities. In other words, having 200 securities in your portfolio probably won't provide you with extra protection from unsystematic risk, but, in general, the more diversification the better.

SYSTEMATIC RISK VS. UNSYSTEMATIC RISK



Another way to summarize unsystematic risk is by considering how we look at individual stocks versus the market as a whole. We all know individual stocks have the potential to lose value that they'll never gain back. However, the market as a whole has always recovered from downturns and gone on to new highs. By reducing the unsystematic risk in your portfolio, you help ensure your returns are tied to broader market trends, which have a much higher likelihood of recovering to new highs compared to an individual stock.

RISK #2 – ASSET CLASS RISK

Asset class risk refers to the risk of being overly exposed to the variability of a certain asset class. For example, if your portfolio is overly weighted in equities, you may be particularly susceptible to stock market volatility. On the other hand, if your portfolio has a balance of equities, bonds and cash, the bonds and cash can help smooth out the impact of stock market volatility.

In the chart below, consider the performance of international stocks from 2022 through 2024. This asset class had a return of -14.45% in 2022, 18.24% in 2023 and 3.82% in 2024. If you had been overly weighted in international stocks, you would have experienced tremendous volatility across this three-year timeframe compared to someone invested across multiple different asset classes.

ASSET CLASS RISK

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Precious Metals 56.29%	Emerging Market Stocks 36.83%	Bonds 0.01%	Large Cap Stocks 31.49%	Precious Metals 24.50%	Real Estate 45.91%	Precious Metals 7.15%	Large Cap Stocks 26.29%	Large Cap Stocks 25.02%	Precious Metals 64.78%
Small Cap Stocks 21.31%	Precious Metals 32.83%	Real Estate -4.22%	Mid Cap Stocks 30.54%	Small Cap Stocks 20.27%	Large Cap Stocks 28.71%	Bonds -13.01%	International Stocks 18.24%	Mid Cap Stocks 15.34%	Emerging Markets Stocks 31.38%
Mid Cap Stocks 13.80%	International Stocks 25.03%	Large Cap Stocks -4.38%	Small Cap Stocks 25.52%	Large Cap Stocks 18.40%	Mid Cap Stocks 22.58%	International Stocks -14.45%	Mid Cap Stocks 17.23%	Small Cap Stocks 11.54%	International Stocks 31.22%
Large Cap Stocks 11.96%	Large Cap Stocks 21.83%	Mid Cap Stocks -9.06%	Real Estate 23.10%	Emerging Markets Stocks 18.39%	Small Cap Stocks 14.82%	Mid Cap Stocks -17.32%	Small Cap Stocks 16.93%	Real Estate 8.10%	Large Cap Stocks 17.88%
Emerging Market Stocks 9.90%	Mid Cap Stocks 18.52%	Small Cap Stocks -11.01%	Precious Metals 22.72%	Mid Cap Stocks 16.70%	Precious Metals 14.33%	Large Cap Stocks -18.11%	Real Estate 13.96%	Emerging Markets Stocks 7.09%	Small Cap Stocks 12.81%
Real Estate 6.68%	Small Cap Stocks 14.65%	International Stocks -13.79%	International Stocks 22.01%	International Stocks 7.82%	International Stocks 11.26%	Emerging Markets Stocks -19.83%	Emerging Markets Stocks 11.67%	International Stocks 3.82%	Mid Cap Stocks 7.50%
Bonds 2.65%	Real Estate 3.76%	Precious Metals -14.99%	Emerging Markets Stocks 17.65%	Bonds 7.51%	Emerging Markets Stocks -0.28%	Small Cap Stocks -20.44%	Precious Metals 9.13%	Bonds 1.25%	Bonds 7.30%
International Stocks 1.00%	Bonds 3.545	Emerging Markets Stocks -15.05%	Bonds 8.72%	Real Estate -11.20%	Bonds -1.54%	Real Estate -25.96%	Bonds 5.53%	Precious Metals -12.47%	Real Estate 3.67%

Callan chart. Data as of 12/31/2025.

RISK #3 – BANKRUPTCY RISK

Another risk of holding a concentrated stock position is the potential that the company could experience bankruptcy and/or dissolution, leaving you with worthless shares. This danger is amplified if you work for a company and also hold concentrated stock in that same company, because you become dependent on the success of your company for both your salary and your investment performance.

The most infamous example of this risk is Enron. In 2001, the company experienced massive accounting fraud and completely went under. Many of its employees lost both their jobs and their net worth in one fell swoop, thanks to their highly concentrated stock positions.

RISK #4 – TAX EXPOSURE

Not only can having a concentrated stock position put you at risk of market volatility and bankruptcy but it can also expose you to significant tax liabilities, should you decide to sell your appreciated shares at some point in the future. These tax liabilities may include:

- **Long-term capital gains –** These taxes are assessed on the appreciation of shares held for more than one year and can be significant if your shares have appreciated in value over time.
- **Short-term capital gains –** These taxes are assessed on the appreciation of shares held for less than one year.
- **Ordinary income tax –** Certain forms of equity compensation are taxed as ordinary income, which could potentially bump you up into a higher tax bracket.

Strategies for managing concentrated stock positions

With all the risks concentrated stock exposes you to, you may be wondering, "How can I get out of my concentrated holding?" Fortunately, there are a few tax-efficient strategies for diversifying your stock.

STRATEGY #1 - SELLING ASSETS

The easiest way to diversify a concentrated stock holding is by simply selling some of the shares and using the proceeds to purchase a diversified mix of investments. However, there can be significant tax implications to doing so, including short- and long-term capital gains taxes, income taxes and alternative minimum tax (AMT).

If you plan to sell assets, the following strategies can help offset your tax liabilities:

- **Carefully plan the timing of your sale.** The timing of your sale can have a big impact on your net tax exposure. For example, if you sell stock in December that results in a large capital gain, you'll only have a few weeks to offset that gain. In contrast, if you sell the same stock in January, you'll have close to a year to implement tax-saving strategies to offset those gains.

- **Consider an in-service rollover.** If you're over age 55 or 59 ½ (depending on plan rules), you may be able to initiate an in-service rollover of company stock from your employer-sponsored retirement plan to an IRA without triggering a taxable event. It's important to carefully review your retirement plan documents to make sure this option is available.
- **Liquidate stock within your employer-sponsored retirement account.** As long as the assets remain in the account, you may be able to sell stock and diversify those assets within your employer-sponsored retirement plan without triggering a taxable event. Your wealth manager can help you determine whether it makes sense to sell some company stock within your plan.
- **Take advantage of net unrealized appreciation (NUA).** Typically, when you withdraw company stock from your qualified retirement account using the standard method of selling the stock and taking a cash distribution, your stock's investment gains are subject to ordinary income tax rates. However, the IRS allows taxpayers to access the more favorable capital gains tax rate when selling company stock to pay for retirement expenses. NUA refers to the process of accessing this benefit.

  This is a complex strategy that's subject to multiple qualifying criteria. It's important to work with a qualified wealth manager to make sure the transaction is completed in the most tax-efficient way possible.

STRATEGY #2 – DIRECT INDEXING

Direct indexing refers to the process of replicating an index, such as the S&P 500, by purchasing a smaller set of individual stocks at the same proportional weighting as the index. Doing so allows you to maintain a diversified portfolio but with fewer stocks than the overall index. When done correctly, this strategy can help diversify your holdings while minimizing your tax exposure.

There are two main benefits of this approach:

- **It prevents investors with concentrated holdings from buying more of that concentrated position.** For example, say you work at Procter & Gamble (P&G) and hold a significant number of P&G shares in your employer-sponsored retirement plan. If you invest in the overall S&P 500 Index, you'll be purchasing additional shares of P&G, which adds to your concentrated position. Investing in a direct index instead allows you to avoid purchasing additional P&G shares.
- **It offers the potential to generate additional alpha through tax-loss harvesting**, which is the primary reason many investors choose this approach.

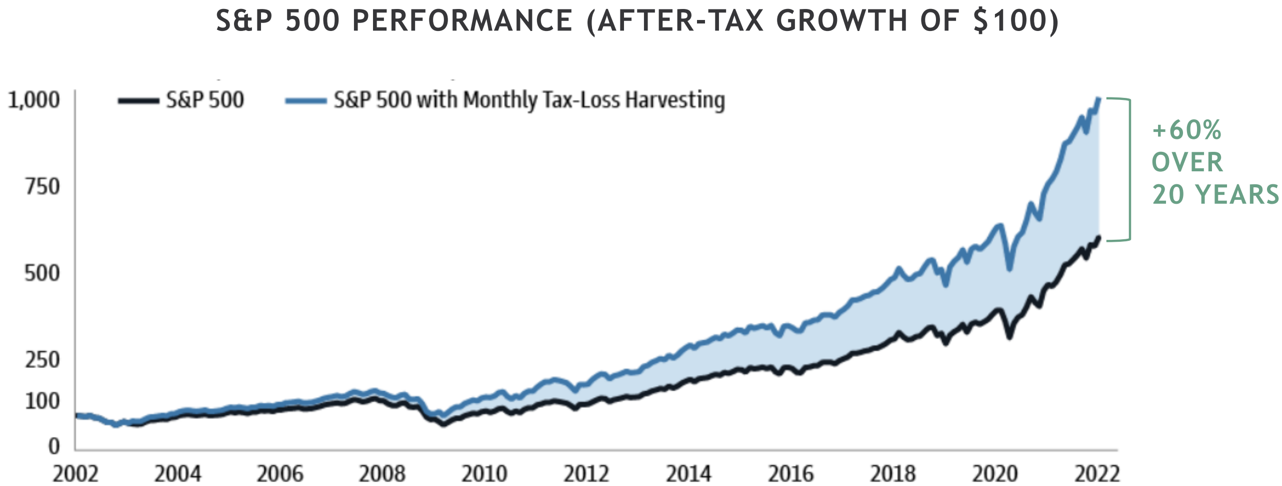
  Tax-loss harvesting refers to the strategy of realizing investment losses by selling an investment that has declined in value in the short term and replacing that investment with a highly correlated alternative. When done correctly, the risk profile and return of the portfolio remain unchanged, but up to $3,000 per year in investment losses can be used to offset gains elsewhere in the portfolio. Any losses in excess of $3,000 can be carried over to offset gains in future years.

  By realizing an investment loss within your portfolio, you can access a tax deduction then reinvest your tax savings to further grow the value of your portfolio.

- When you're invested in an ETF, the only tax-loss harvesting you can do is at the overall fund level. However, direct indexing allows you to access tax losses at the individual stock level, giving you additional flexibility to target specific investments.

  As you can see in the chart below, tax-loss harvesting has the potential to greatly enhance long-term net returns. Notice here that, by harvesting losses, the investor in this example could have boosted his or her after-tax U.S. equity returns by 60% over 20 years.

IMPACT OF TAX-LOSS HARVESTING OVER TIME



Source: Goldman Sachs

STRATEGY #3 – ENHANCED DIRECT INDEXING

On it's own, direct indexing is an effective strategy for diversifying a concentrated stock position while reducing your tax exposure. However, you may be able to increase your tax savings potential further with an enhanced direct indexing approach.

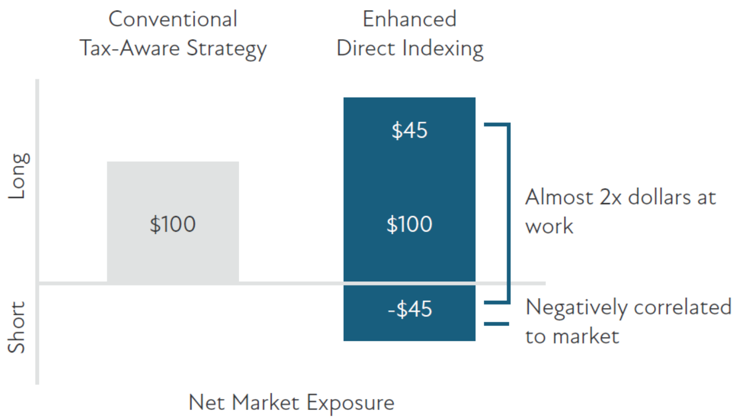
Enhanced direct indexing is a strategy that seeks to provide upside exposure to equity market returns while delivering net capital losses to help offset gains from taxable events. This strategy has the potential to help you build wealth more efficiently, regardless of how the market is performing.

The best way to illustrate how this works is with an example. Let's say you invest $100 using a conventional tax-aware strategy. This equals $100 of net market exposure that fluctuates according to the movement of the underlying investments.

Using an enhanced approach, you decide to take both a long and short position alongside the $100 investment. For example, let's say the original $100 investment is invested as $145 long and $45 short. This results in $100 of net market exposure and $90 of active extensions. This is the same market exposure ($100) as the conventional approach, but with additional dollars at work in pursuit of excess returns and potential capital losses (i.e., tax benefits). And, because this approach has both long and short exposure, losses can be realized regardless of whether the market goes up or down.

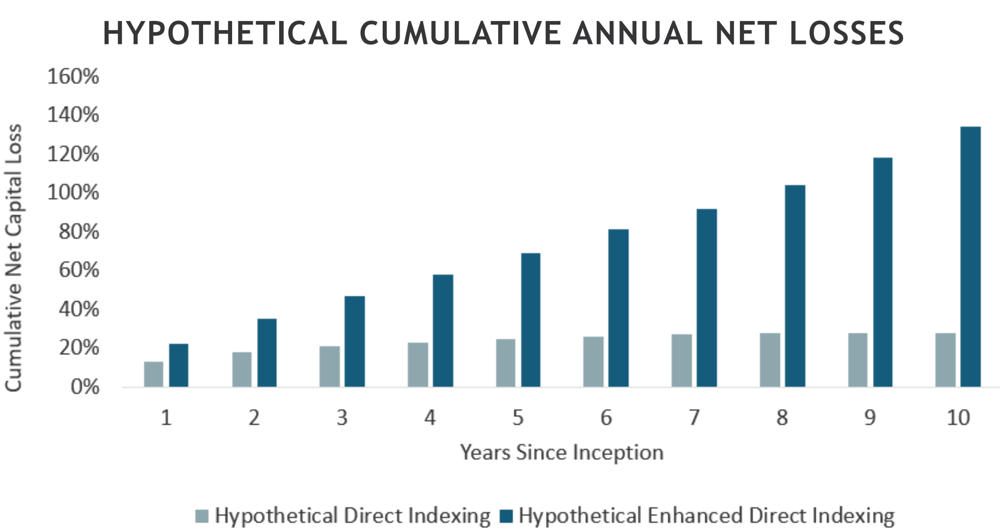
MANAGING CONCENTRATED STOCK POSITIONS

ILLUSTRATIVE COMPARISON OF TWO $100 INVESTMENTS



As you can see in the chart above, when compared to other tax-aware equity investments, such as ETFs and traditional tax-loss harvesting strategies, this enhanced approach has the potential to offer after-tax outcomes that are larger, more consistent and longer lasting. That's because it provides greater opportunity to capitalize on both positive and negative movements in the stock price. It also offers additional opportunities to defer capital gains and realize capital losses.

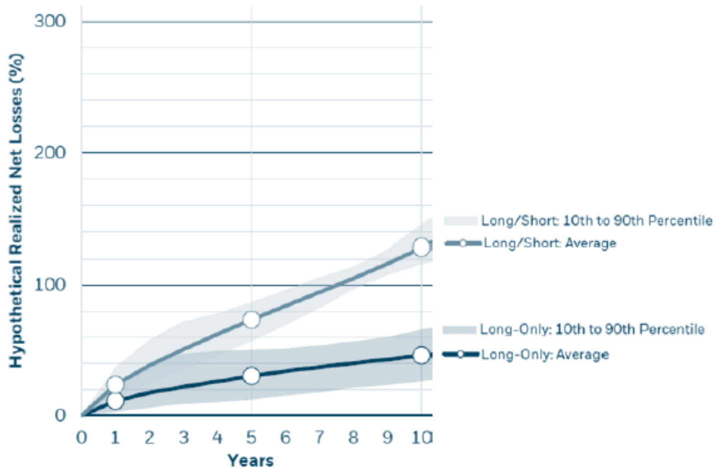
DIRECT INDEXING VS. ENHANCED DIRECT INDEXING



Source: AQR. The Journal of BETA Investment Strategies. Hypothetical Direct Indexing - Exhibit 1, page 7. Hypothetical Enhanced Direct Indexing - Exhibit 3, Panel B, page 9.

The chart above provides a hypothetical analysis of direct indexing versus enhanced direct indexing. Notice how the benefits of enhanced direct indexing are longer lasting than those of the standard direct indexing approach. That's because, when compared to standard direct indexing, enhanced direct indexing allows investors to access losses, regardless of market direction. The relative impact of these losses is even better during market downturns, and in rising markets, the enhanced direct indexing approach continues to generate tax alpha.

HYPOTHETICAL CUMULATIVE REALIZED NET LOSSES AS PERCENTAGE OF INITIAL PORTFOLIO VALUE



Averages	1 Year	5 Years	10 Years
Long/Short	24%	73%	128%
Long-Only	12%	30%	46%

Re-balances relied on MSCI's Barra U.S. Total Market Equity Model for Long-Term Investors (USSLOWL) risk model. Source: Internal data and MSCI.

The chart above provides additional insight into the benefits of enhanced direct indexing using a long-short approach versus long-only investing.

In summary, an enhanced direct indexing approach offers the following benefits:

- Opportunity to diversify concentrated stock positions
- Ability to harvest losses on both the long and short sides of the portfolio
- Increased return potential
- Opportunity to defer taxes on a business sale or other large liquidity event (benefits aren't limited only to diversifying concentrated stock)
- Ability to rejuvenate older portfolios that have been mainly frozen over time

Enhanced direct indexing also comes with the following potential risks:

- Additional costs/fees, due to the strategy's complexity
- Additional performance risk due to the use of leverage
- Additional liquidation costs, because liquidating the portfolio requires selling the short side at short-term capital gains rates rather than more favorable long-term rates
- Custodial limitations, as this is a complex strategy that not every custodian can accommodate

It's important to keep in mind that enhanced direct indexing is a complex strategy that's not right for everyone. Your wealth manager can help you carefully consider the benefits and downsides of this approach to determine if it makes sense based on your personal financial situation.

STRATEGY #4 – MARGIN

Another strategy for diversifying concentrated stock is to use margin as a hedge against a concentrated stock holding. This concept is similar to the manner in which you use leverage to buy a home when you borrow from the bank using your home as collateral. Similarly, you can borrow against the value of your portfolio using your investment holdings as collateral. You can then use the borrowed funds to purchase other holdings and diversify your portfolio as you gradually sell out of your concentrated position.

There are both pros and cons to using margin to hedge against a concentrated stock position. Pros include:

- The ability to immediately diversify your concentrated holding without realizing a capital gain
- The ability to unwind your position as you tax harvest, rather than realizing all gains up front

Cons of using margin include:

- Added expense to the portfolio when interest rates are high
- Additional risk, as both the upside and the downside are magnified
- Depending on the specific stock and its associated compliance rules, you may not be able to borrow against the position

STRATEGY #5 – OPTIONS STRATEGIES

Options strategies can provide an opportunity to manage the risk associated with company stock positions without needing to sell off your holdings. There are several options strategies to consider based on your specific needs, including:

- **Covered call writing –** Covered call writing has the potential to generate income through option premium while allowing you to sell the stock at a higher strike price. On the downside, covered call writing provides limited upside potential and no downside protection.
- **Protective put buying –** Put buying has the potential to protect against a decline in a stock's value by settling at a predetermined put strike price. However, it doesn't help diversify the concentrated position itself. And the put premium's cost can add significant expense to your portfolio.
- **Cashless collars –** A cashless collar has the potential to protect from significant losses without triggering immediate tax liabilities, and it can be structured to be cost neutral. However, this strategy offers limited upside potential, and it's important to carefully consider the strike price and term.

Keep in mind that, while options strategies may allow you to avoid the tax liabilities associated with selling out of your position, they come with their own unique expenses. For example, you may need to pay out of pocket to purchase the options, which can be costly. And you may miss out on price appreciation if you limit your upside potential through a collar.

STRATEGY #6 – PREPAID VARIABLE FORWARDS (PVFS)

A PVF is a contract between a shareholder and an investment bank wherein the bank agrees to provide an upfront cash payment in exchange for the investor agreeing to deliver a variable number of shares (or the cash equivalent) at a later date to repay the bank. The number of shares is considered "variable" because it depends on the stock's price as of the settlement date.

PVFs typically pay out between 70% and 90% of the stock's current market value, which offers liquidity to shareholders who are unable to sell the stock or wish to defer capital gains taxes. At the agreed-upon settlement date, the shareholder must turn over the shares or equivalent cash. PVF contracts typically establish a floor and ceiling price on the transaction, which can help protect the investor from losses if the stock increases significantly in value before the transaction is executed. From that perspective, PVFs can be viewed as a hybrid between a collar strategy and borrowing on margin.

PVFs are often used by executives who are granted stock options but prohibited from selling those options for a period of time.

The benefit of this strategy is that it can provide immediate access to cash while deferring capital gains taxes. However, a PVF is an extremely complex strategy that requires in-depth negotiation to ensure favorable terms. And, although taxes are deferred at the time the upfront payment is delivered, settlement triggers a taxable event that should be carefully managed.

Be sure to consult with an experienced wealth advisor before attempting this strategy.

STRATEGY #7 – EQUITY EXCHANGE FUNDS

Equity exchange funds (not to be confused with exchange-traded funds) are pooled investment vehicles created by banks, investment companies and other financial institutions to help investors diversify their concentrated stock holdings. Investors can exchange their stock holdings for units of the entire partnership's portfolio. Doing so allows the investor to participate in the returns of other investors' company stock. The more investors who participate, the more diverse the portfolio becomes.

A main benefit of an equity exchange fund is that, because they don't need to sell shares to participate, investors are able to avoid a taxable event at the time shares are submitted. And all investors in the pool have an opportunity to benefit from the growth of other companies in addition to their own.

On the downside, equity exchange funds don't reduce the potential tax liability of a concentrated holding. That's because when you receive the basket of diversified stocks back from the fund after the designated holding period, your cost basis remains the same as your original concentrated position.

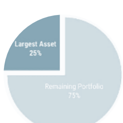
It's important to note that equity exchange funds are only available to accredited investors, and they often come with minimum investment requirements and minimum holding periods. Additionally, not all equity exchange funds accept all types of stock. Be sure to consult with your wealth manager prior to investing.

STRATEGY #8 – 351 EXCHANGES

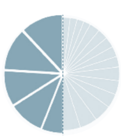
Unlike equity exchange funds, a 351 exchange pools the portfolios of multiple investors in a newly created ETF.

To implement this strategy, you would transfer your stock holdings in-kind to a newly created ETF in exchange for shares of that ETF, which would then assume the same cost basis as your original holdings. Once this happens, you're able to achieve immediate diversification, reallocate assets and capitalize on the traditional benefits of an ETF, such as professional management, easier trading and tax deferment. This strategy is particularly advantageous for portfolios that have become tax-inefficient and have limited opportunities for tax-loss harvesting.

However, there are certain rules and regulations surrounding 351 exchanges that can make things somewhat complicated.



Rule #1: No more than 25% in a single position – To qualify, no individual holding (stock or ETF) can make up more than 25% of your contributed portfolio. Portfolios with a concentrated position will need to reduce that position to qualify.



Rule #2: No more than 50% in the top five positions – The combined value of your five largest holdings must be less than 50% of your contributed portfolio.

Rule #3: Cash doesn't count toward diversification – Cash and recently acquired government securities don't qualify toward the diversification tests above.

For example, let's say you have $1 million in Amazon stock that you would like to diversify. To meet the 25/50 diversification rule, you would need to have at least $4 million in securities to contribute in order to diversify your $1 million in Amazon stock. The other $3 million in securities would need to be broadly diversified to prevent the top five positions from totaling more than 50% of your contributed portfolio. If that $3 million is invested in popular ETFs, you'll also need to consider whether there's any Amazon stock "hiding" in those funds — if there is, this value will also count toward your limit of 25% in a single position.

Because of the complexities with this exchange strategy, it's best to walk through the specifics of your unique situation with your wealth advisor.

STRATEGY #9 – IN-KIND CHARITABLE DONATIONS

If your financial goals include donating to charitable causes, it may make sense to make an in-kind donation of appreciated shares rather than donating cash. Doing so allows you to maximize the amount the organization receives without triggering a taxable event, and you can claim the full value of the donation on your itemized tax return.

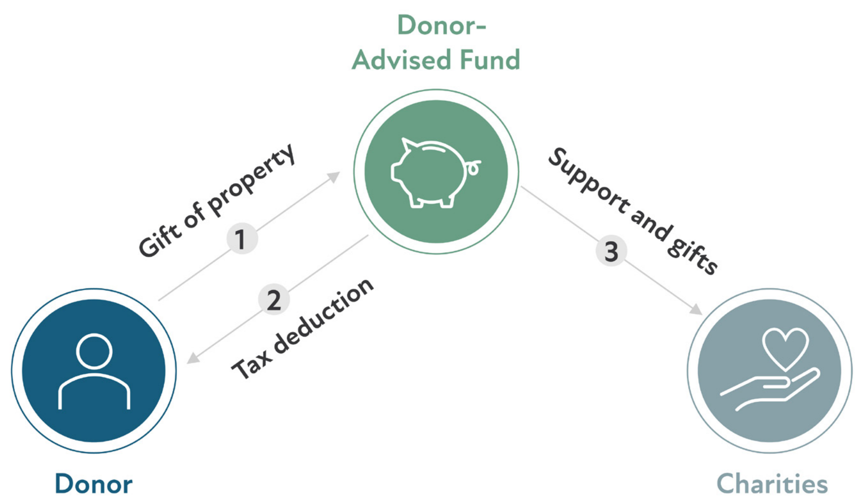
The best way to illustrate the potential benefits of an in-kind charitable donation is with an example. Let's say you wish to use $10,000 of appreciated company stock to support your favorite charity. The cost basis on the stock is $2,000. You sell the stock at its current market value of $10,000 in order to make a cash donation to the charity. You will owe capital gains tax on the $8,000 of appreciation. At a 23.8% tax rate (20% capital gains plus 3.8% net investment income tax), you would owe $1,904 in taxes on the sale. That leaves you with $8,096 to donate to the charity, and you would be able to claim $8,096 as a charitable deduction on your itemized tax return.

On the other hand, let's say you decide to make an in-kind donation of company stock shares directly to the charity. Doing so allows you to avoid triggering a taxable event, and the charity is able to receive the full $10,000 value of stock. Because charitable organizations are tax-exempt, the charity could turn around and sell the stock without any tax liabilities.

As a result, you could claim a charitable deduction of $10,000 on your itemized tax return, and the charity would receive the full $10,000 stock value. As an added bonus, you would have successfully diversified $10,000 of concentrated stock without realizing any additional tax liabilities.

	Sell stock and donate proceeds	Donate in-kind shares
Current market value	$10,000	$10,000
Cost basis	$2,000	$2,000
Capital gains tax owed (23.8% total tax rate)	$1,904	$0
Total charitable donation	$8,096	$10,000
Charitable deduction amount	$8,096	$10,000

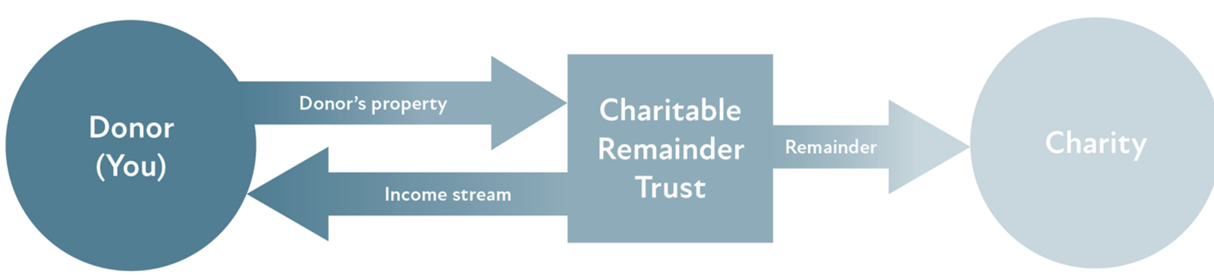
You can take this one step further by implementing a donor-advised fund (DAF), which is a 501(c)(3) charitable fund that holds charitable gifts. When you donate to a DAF, you're able to deduct the donation amount from your taxes during the year in which the donation is made while distributing the assets to charities over time. As the donor, you retain control over the timing of distributions and the charitable organizations to which donations are made. Your donations can then grow tax-deferred within the account for future use.



This strategy can be especially helpful for investors who typically don't meet the threshold for itemizing their tax returns, because DAFs allow you to "bunch" multiple years' worth of contributions into a single year, then distribute those assets over time. As long as the donation, when combined with other deductions, puts you above the standard deduction threshold, you can itemize your tax return and deduct the full value of the charitable donation.

STRATEGY #10– CHARITABLE REMAINDER TRUSTS (CRTS)

Another tax-efficient strategy for diversifying your concentrated stock position is by using a CRT. CRTs are irrevocable split-interest trusts with both charitable and non-charitable components. These trusts pay income to a beneficiary for a set number of years throughout the beneficiary's lifetime, then any assets remaining are donated to charity.



CRTs provide a way for you to convert your highly appreciated concentrated stock position into a diversified, income-generating pool of assets to fund your lifestyle while deferring capital gains tax liabilities.

To establish a CRT, you contribute property to the trust, name a non-charitable income beneficiary (which can be yourself), establish the term over which income payments will be made and designate the charity that will receive any assets remaining in the trust after the pre-established term ends.

There are two main ways a CRT can be structured:

- **Charitable remainder annuity trust (CRAT) –** CRATs pay a fixed annual amount that remains the same from year to year.
  - For example, if you establish a CRAT with $1 million and retain a 5% annuity interest for life, you'll receive $50,000 per year until either you die or the CRAT runs out of assets.
- **Charitable remainder unitrust (CRUT) –** CRUTs pay a fixed annual percentage. While the payout percentage remains the same, the dollar amount fluctuates based on the trust's current market value.
  - For example, if you establish a CRUT with $1 million and retain a 5% unitrust interest for life, you'll receive $50,000 in the first year. The unitrust payment for subsequent years is determined by applying 5% to the beginning value of the trust principal for the year in which the payment is made. Many investors utilize a CRUT structure because they expect the trust's assets to appreciate over time, and they want to share in that growth.

Summary

With the right strategies in place, you can minimize the risks of a concentrated stock position while optimizing your long-term wealth building potential. However, many of the most efficient strategies are also incredibly complex. Without the proper guidance, you could face additional risks and tax exposure.

That's why it's important to work with an experienced wealth manager who can help you implement a custom diversification strategy to help you achieve your long-term goals.

We're here to help.

At Creative Planning, we believe everyone deserves focused support and custom guidance to help achieve long-term financial security. Our wealth managers provide guidance to navigate concentrated stock holdings that's in line with each client's custom financial plan.

We take into consideration a wide range of factors, including your current financial situation, your future goals and any challenges you may face, in order to develop custom financial strategies that address them all. Because our process is so comprehensive, it requires more than just a single advisor.

That's why, when you work with us, you have the support and expertise of a fully in-house team of specialists, including CERTIFIED FINANCIAL PLANNER® professionals, CPAs and attorneys, who work together to understand, organize and optimize your financial life.

We provide all the advice you need, all in one place — giving you the freedom to enjoy life along the way.

If you're ready to begin the process of diversifying your concentrated stock positions, please contact us at 866-273-2848 to schedule a complimentary, no-obligation consultation.

We look forward to getting to know you.

Our Core Services

COMPREHENSIVE WEALTH MANAGEMENT

With insightful expertise from an integrated team across a variety of financial disciplines, you can be confident every element of your plan is working harder, together.

INVESTMENT MANAGEMENT

No standard portfolios;
no set-it-and-forget-it allocations

FINANCIAL PLANNING

Personalized recommendations
to help you reach your goals

LEGAL

Helping you leave a legacy for the people
and causes that matter most to you

STRATEGIC TAX PLANNING

Smart tax strategies to help you
keep more of what's yours

INSURANCE

Protect your wealth, health,
property and livelihood

RETIREMENT PLANNING

A clear road map to help you
achieve your retirement dreams

BUSINESS SERVICES

From retirement plans to exit strategies,
we can help you make the most of
your business

RETIREMENT & FOUNDATIONS

Operations, governance and portfolio
management for endowments, foundations,
charities and other non-profit organizations

FAMILY OFFICE

Keeping your family interests aligned,
from bill pay and charitable giving
strategies to wealth transfer planning

INTERNATIONAL

Helping you navigate the financial
nuances of global life and work

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