SEQUOIA FINANCIAL GROUP

High-Income Planning Considerations

SEQUOIA UNDERSTANDS YOUR TRANSACTION.

We've prepared this guide specifically for Eide Bailly partners navigating a significant liquidity event, because the decisions you make this year will shape your financial picture for decades to come.

Where Does the Money Go on Transaction Day?

The most important question to answer before anything else: where will your funds be wired when your transaction closes?

Most partners haven't thought through this, and it matters more than people realize. Depositing a large sum directly into a bank account creates unnecessary risk and missed opportunity. Working with a qualified custodian from day one gives you immediate access to planning support, short-term strategies while longer-term decisions are made, and fiduciary-level oversight from the start.

There are three ways to get your money where it needs to go:

1. Via bank or checking account using MoneyLink, which can be established pre-transaction
2. Via your draw account prior to closing, for partners who want to get funds positioned early
3. Via wire instructions on Transaction Day, which your Sequoia team will proactively send you once your account is open

Once your account is open, your funds can function anywhere on a spectrum; from as liquid as a draw account to a fully tailored investment strategy based on your goals. Your planning meeting will help determine the right approach.

Sequoia can help you establish the right account structure before your close date.

CHOOSING YOUR TEAM OF ADVISORS

Your team should include professionals with expertise in tax, estate planning, financial planning, investments, and insurance. Based on your personal goals and priorities, develop questions around each advisor's experience, education, and services offered. Understand how your advisors will be compensated and demand transparency; is there a conflict of interest from transaction-driven commissions, or does the advisor operate under a fiduciary standard as a fee-only planner?

Your Financial Plan—The Foundation

Everything that follows is most valuable when developed within the context of a comprehensive financial plan. Before diving into the individual planning topics below, two questions are worth anchoring to:

- What does your life look like after this transaction? Whether this event accelerates retirement, funds a career pivot, or represents a milestone in an ongoing path, your plan should reflect your actual goals.
- Who is on your team? Your advisors should include professionals with expertise in tax, estate planning, financial planning, investments, and insurance. Understand how they are compensated and whether they operate under a fiduciary standard.

Sequoia Financial Group was founded in 1991 with a focus on planning and unparalleled client service. Our team-based approach means you have specialists across every relevant discipline working together on your behalf.

CASH FLOW PLANNING

A liquidity event often comes with a change to your ongoing compensation structure. Understanding what your income looks like going forward, and how that compares to your current expenses and lifestyle goals, is a critical first step.

- Model your income at your new compensation level alongside your existing obligations
- Identify the gap, if any, between your ongoing income and your desired lifestyle
- Factor in how long any transition period may last and what resources bridge it
- Determine how your transaction proceeds can be structured to supplement income if needed

TAX PLANNING

Tax Projections

Your transaction will have a direct impact on your tax picture this year. Key areas to work through with your advisor:

- How your AAV distribution will be treated for tax purposes; ordinary income vs. capital gain treatment may vary by component
- Your draw account and how the buyout payment structure affects your taxable income
- Bracket-filling strategy given elevated income
- Coordination with QBI phaseouts and NIIT thresholds
- Capital gain harvesting vs. deferral decisions

NOTE: Sequoia will be hosting tax sessions with Stacy and Adam Sweet to address client questions on tax obligations post-transaction. Details to come.

Maximize Your Health Savings Account (HSA) Contribution	Maximize Economic Value of Charitable Donations	Maximize Retirement Account Contributions
Family: ~$8,750 for 2026 **Catch-up (55+):** $1,000 for 2026 **Triple tax advantaged;** arguably the highest-return tax wrapper available	Consider which assets to donate: cash is capped at 60% of AGI; appreciated capital gain property is capped at 30% of AGI Match donation amount to ordinary income while staying within AGI limits to avoid inefficient carryforwards A Donor Advised Fund provides an immediate tax deduction while deferring the decision on where the money is ultimately granted; it also allows for the dollars to be invested and grow, offers the opportunity for family governance, and professional investment oversight	We recommend maximizing your retirement account contributions this year. Your Sequoia advisor will work with you to determine the right approach given your plan structure.

INVESTMENT PLANNING

Short-Term Reserves

Before your longer-term investment plan is in place, your proceeds need a home. Identify a low-risk, liquid option that earns a meaningful return while you make deliberate decisions. Current money market options may be worth exploring here.

Tax-Aware Portfolio Construction

Where you invest each incremental dollar is as important as how you invest it. Key considerations:

1. Account type and tax treatment of each dollar invested
2. Direct indexing strategies that allow for ongoing tax loss harvesting in public markets

Private market strategies where early-stage losses may be harvested in a high-income year to offset future gains.

LIABILITY PLANNING

Debt Reduction

- Reduce or eliminate high interest rate or variable rate debt first
- Evaluate debt paydown vs. investment savings based on your personal goals

EDUCATION PLANNING

SUPERFUND A 529 PLAN		
Annual Gift Exclusion	**5-Year Election**	**If no state tax deduction is available**
~$18,000 per donor / ~$36,000 MFJ per beneficiary	**~$90,000 per donor / ~$180,000 MFJ per beneficiary**	**Choose the state with the best fund lineup**

ESTATE PLANNING

Review Beneficiary Designations

Review all financial accounts and insurance policies to ensure appropriate beneficiaries are named.

Review Wills and Trusts

Your will and trust should be reviewed and updated to reflect your new financial position. Goals may include charitable giving, family wealth transfer, or asset protection.

Basis Planning

- If you do not have an estate tax concern, retaining assets in your personal estate through a Revocable Living Trust preserves the ability to receive a step-up in basis at death
- If an estate tax concern is likely, consider strategies that remove assets from your taxable estate while preserving the ability to swap in higher-basis assets, so that low-basis assets can receive a step-up at death

INSURANCE PLANNING

Review Insurance Coverage

- **Life Insurance:** A significant change in net worth may reduce or eliminate your need for certain coverage. Work with your advisors to determine whether to maintain, reduce, surrender, exchange, or sell existing policies.
- **Umbrella Insurance:** As your net worth increases, your liability exposure increases with it. Review your coverage limits accordingly.