



THE 5-DECISION MODEL FOR LIQUIDITY EVENTS

Liquidity events are rare. Regret after liquidity events is common. Selling a business, exercising equity, receiving an inheritance, or monetizing a concentrated position creates a sudden shift—from accumulation to stewardship. Most mistakes don't come from bad investments; they come from making decisions in the wrong order. At Frame Wealth Partners, we guide liquidity events using a 5-Decision Model. This framework slows things down, removes emotion from sequencing, and can help each decision making at the most crucial time. Liquidity is not about what you do with the money. It is about the order in which you decide.

1 Decision #1: How Much is “Enough”?

Why this decision comes first:

Before defining risk, investments, or taxes, you must define sufficiency. Without it, every decision feels temporary and uncertain.

What goes wrong: When “enough” is undefined:

- Clients overshoot risk chasing growth they don't need, or
- Underspend and remain anxious despite financial independence

Hypothetical Example:

A founder exits with \$22M. She continues to invest aggressively because she never defined her required lifestyle, safety margin, or legacy goals. A market downturn creates panic—not because she can't afford it, but because she never clarified what success actually looked like.

Frame's Insight:

We quantify “enough” across:

- Sustainable lifestyle spending
- Safety and contingency capital
- Growth and opportunity capital
- Legacy and impact capital

This creates confidence before investing begins.

Before investing liquidity, let's define what “enough” means—so every decision has purpose.

2 Decision #2: How Much Risk Should This Money Take?

Why this decision is misunderstood:

Liquidity money feels different than earned money. Emotionally, it's often treated as either "protected" or "replaceable"—both are dangerous extremes.

What goes wrong

- Excessive risk creates unnecessary volatility and regret
- Insufficient risk erodes purchasing power and future flexibility

Hypothetical Example:

An executive reinvests aggressively post-liquidity to "make the money work." After a drawdown, they lock in losses—not because the plan was flawed, but because the risk didn't match the money's purpose.

Frame's Insight

We segment liquidity into purpose-driven buckets, each with its own risk profile:

- Lifestyle capital → low volatility
- Growth capital → measured risk
- Legacy capital → long-term growth

Risk is no longer emotional—it's intentional.

Let's align risk with purpose, not headlines.

3 Decision #3: How Should This Be Structured for Taxes?

Why this decision is permanent:

Investment performance can be adjusted.

Tax structure mistakes compound forever.

What goes wrong:

- Taxable reinvestment without planning
- Missed opportunities for deferral, conversion, or charitable leverage
- Inefficient withdrawal structures years later

Hypothetical Example:

A family reinvests liquidity into a taxable portfolio without considering asset location or future distributions. Over 20 years, avoidable tax drag costs them millions—quietly and irreversibly.

Frame's Insight:

We design multi-decade tax architecture, integrating:

- Asset location
- Charitable strategies
- Roth planning
- Future liquidity and legacy goals

Let's ensure taxes don't silently erode your liquidity.

4 Decision #4: How Will This Money Support the Next Phase of Life?

Why this decision is emotional:

Liquidity often coincides with identity shifts—retirement, reinvention, or rest. Money without intention creates drift.

What goes wrong:

- Clients default to “pause mode” without direction
- Spending lacks alignment with values or fulfillment
- Anxiety replaces clarity

Hypothetical Example:

An entrepreneur sells, steps away, and feels lost six months later. Financially secure—but directionally unanchored.

Frame’s Insight:

We help clients design life transitions, not just portfolios—aligning money with purpose, flexibility, and meaning.

Let’s design a financial plan that supports who you’re becoming.

5 Decision #5: How Will this Wealth Transfer Forward?

Why this decision is often avoided:

Legacy conversations feel uncomfortable, so they’re postponed.

What goes wrong:

- Wealth transfers without context
- Children inherit assets without preparedness
- Conflict replaces connection

Hypothetical Example:

Parents transfer wealth assuming values will “carry through.” Without communication or structure, the next generation experiences confusion, entitlement, or resentment.

Frame’s Insight:

We integrate estate planning with:

- Family education
- Governance conversations
- Intentional legacy design

Let’s ensure your wealth strengthens the next generation.

Key Takeaways

- Liquidity is a sequence of decisions, not a transaction
- Order matters more than tactics
- Clarity can reduce regret
- Legacy should be designed, not assumed

About Frame Wealth Partners

At Frame Wealth Partners, we help entrepreneurs, business owners, and families:

- Build tax-efficient investment strategies.
- Create retirement income they won't outlive.
- Protect their wealth across generations.

You've worked hard to build your wealth. Let us help you preserve it — and grow it — with confidence.

Book Your Complimentary Consultation Here

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

A Roth IRA conversion—sometimes called a backdoor Roth strategy—is a way to contribute to a Roth IRA when income exceeds standard limits. The converted amount is treated as taxable income and may affect your tax bracket. Federal, state, and local taxes may apply. If you're required to take a minimum distribution in the year of conversion, it must be completed before converting.

To qualify for tax-free withdrawals, you must generally be age 59½ and hold the converted funds in the Roth IRA for at least five years. Each conversion has its own five-year period, and early withdrawals may be subject to a 10% penalty unless an exception applies. Income limits still apply for future direct Roth IRA contributions.

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