

AI-03984 Fidelity Business Account

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What is a Fidelity Business Account? I have 2 MD contemplating retirement at 65 and all their millions are managed by a financial adviser and an accountant. The husband was given all the LCC account information by the Financial Adviser including the business tax ID. The LLC members are the husband, wife and two children. The husband insisted on getting rid of the financial adviser and do it on his own in Fidelity. He gave me the paper forms from Fidelity for the business account from Fidelity Educate me regarding the Fidelity Business account and how to setup. I've been an expert level in the Fidelity Personal account but no idea (zero knowledge) about how he can create a Fidelity business account via Online Only?

Since you are already an expert on Fidelity's personal accounts, you will find that **The Fidelity Account® for Businesses** functions identically once it is open. It offers the same \$0-commission trading, the same access to stocks, ETFs, and mutual funds, and utilizes a standard core position for uninvested cash. However, the **setup, compliance, and legal architecture** are entirely different animals. Moving "millions" out of a managed advisory structure into a self-directed LLC brokerage account requires strict attention to detail.

1. Can he create a Fidelity Business Account "Online Only"?

No, not completely. While he can initiate and complete the application wizard on Fidelity's website, **he cannot open it purely digitally** in the same seamless way you open a personal brokerage account.

Because this LLC involves four distinct members (husband, wife, and two children), Fidelity's risk and compliance teams require physical signatures and corporate documentation to verify authority.

- **The Reality:** He will fill out the online application, but at the end, it will generate a comprehensive PDF packet.
- **The Submission:** All members must sign the physical documents. He can then upload the scanned packet securely via his existing Fidelity personal account login (using the "Secure Message" center), or drop it off at a Fidelity Investor Center.

2. Key Educational Points for an LLC Brokerage Account

Before he pulls the trigger and fires his advisor, there are critical nuances about how Fidelity treats a corporate entity account:

Tax Reporting & The Core Position

In a personal account, Fidelity handles your 1099s smoothly. For an LLC account, **everything is tied to the Employer Identification Number (EIN)**, not a Social Security Number.

- Fidelity will report all capital gains, dividends, and interest under that business Tax ID.
- Because it's an LLC with 4 family members, it is legally structured as a **Partnership** (unless they elected S-Corp status). Fidelity will issue a corporate 1099, and their accountant will still be heavily involved to generate **Schedule K-1s** for each family member at tax time.

Authorized Traders vs. Beneficial Owners

This is where people usually get stuck on the paper forms. The application will ask for two distinct groups of people:

1. **Beneficial Owners (25% or greater ownership):** Since there are 4 family members, if they have equal shares (25% each), **all four** must be disclosed on the application with their SSNs, dates of birth, and addresses.

2. **Authorized Signers/Traders:** Who actually gets to log into Fidelity and click "Buy" or "Sell"? The husband can establish himself as the sole authorized manager, or add his wife. Anyone granted access gets their own login credentials linked to the business account.

The Asset Transfer Process (The Heavy Lifting)

Since "all their millions" are currently with an advisor, they cannot just do a standard online ACATS (Automated Customer Account Transfer Service) transfer.

- The names on the departing account **must exactly match** the names on the receiving account.
- If the money is currently sitting in a personal or joint advisory account, they **cannot** transfer it directly into an LLC business account online. They will have to open the Fidelity Business Account first, then submit a physical **Transfer of Assets (TOA) form** along with a recent statement from their current advisor to legally move the money into the entity.

3. Step-by-Step Setup Guide

Since he already has the physical paper forms, here is the most efficient sequence to get this account established without it getting rejected by Fidelity's back office:

1. Gather Corporate Documents

Prerequisite

Before writing anything, locate the IRS EIN Assignment Letter (Form CP 575), the state-stamped Articles of Organization, and the LLC Operating Agreement. Fidelity requires copies of these to prove the LLC is active and to verify who has signing authority.

2. Complete the Fidelity Account for Businesses Application

Paper or Online Initiated

Fill out the form using the Business Legal Name and EIN exactly as they appear on the IRS letter. List all 4 family members under the "Control Person/Beneficial Owner" sections if they meet the 25% ownership threshold.

3. Execute All Wet Signatures

Critical for multi-member LLCs

Have the husband, wife, and both children sign the required signature sections. Digital signatures (like standard DocuSign) are often rejected by Fidelity corporate compliance unless generated directly through Fidelity's internal portal. Stick to physical ink.

4. Submit via Secure Message

Avoid standard mail if possible

Log into the husband's existing Fidelity personal portal. Go to the Communication Center → Send a Secure Message. Attach the signed application, the IRS EIN letter, and the Articles of Organization as clear PDF scans.

5. Establish the Bank Link

Post-approval (takes 3-5 business days)

Once the account number is generated, he cannot link a bank online via Plaid like a personal account. He must submit a Business Electronic Funds Transfer (EFT) form along with a voided check displaying the LLC's name to authorize cash movement.

A Warning for Two MDs at Age 65: If any portion of those "millions" is currently held inside employer-sponsored retirement plans (like a 403b, 401k, or Profit Sharing Plan) or traditional IRAs, **they cannot be transferred into an LLC Business Account.** Doing so constitutes a fully taxable distribution. They must be rolled over into *Personal* Traditional/Roth IRAs at Fidelity, which he can manage easily online. Only non-retirement (taxable brokerage) money can live in the LLC account.

Can the LLC continue to be an LLC even after the death of the parents who funded it which they will retire from their MD practice in a years? Any suggestions? Tell more. Will the husband be able to self manage the fidelity business account without the financial adviser taking a slice of the pie ? What is the typical % if using financial adviser?

Answering the core questions regarding the LLC's longevity, self-management realities, and typical financial advisor costs will help determine if this transition is viable.

1. Can the LLC survive the death of the parents?

Yes, absolutely. One of the primary legal reasons people establish an LLC is for **continuity of life**. Unlike a sole proprietorship, an LLC is a distinct legal entity that does not automatically die when its founders do—provided it was structured correctly from the start.

Because the two children are already listed as members, the framework for seamless transition is already in place. However, to ensure the LLC functions smoothly after the parents pass away, the husband *must* review or establish a few specific structural items:

- **The Operating Agreement is King:** This is the internal private contract of the LLC. It must explicitly state what happens to a member's ownership percentage (membership interest) upon their death. Typically, it dictates that a deceased parent's share passes to the surviving spouse, and upon both parents' passing, splits equally between the children.
- **Successor Manager Designation:** The "Manager" is the person authorized to trade on the Fidelity account. The operating agreement needs to explicitly name who becomes the **Successor Manager** if the husband passes away or becomes incapacitated. If this isn't documented, Fidelity will freeze the business account until the remaining members legally elect a new manager and submit corporate resolutions to prove it.
- **Tax Status Realities:** If they retire in a year, the LLC's primary function shifts from a medical practice to an **Investment LLC**. This is perfectly legal and an excellent estate planning tool, allowing the parents to slowly gift membership shares to their kids over time to reduce estate tax exposure.

2. Can the husband self-manage without an advisor taking a slice?

Yes. If the husband opens a self-directed Fidelity Account for Businesses, **Fidelity will charge \$0 in advisory fees**. He will completely eliminate the advisor's "slice of the pie."

Because he has expert-level experience in personal Fidelity accounts, he will find the trading mechanisms identical. He can buy the exact same low-cost index ETFs or mutual funds. However, "self-managing" millions involves a massive shift in responsibility:

The Trade-Off: He is trading a *financial cost* for an *operational/emotional cost*. He will now be solely responsible for asset allocation, rebalancing, and—crucially—emotional discipline during a market downturn. Furthermore, because it's an LLC, he (or his accountant) will have to track the **basis** of all assets inside the entity and ensure state LLC renewal fees and franchise taxes are paid annually to keep the entity active.

3. What is the typical advisor fee percentage?

Most traditional financial advisors charge an **Assets Under Management (AUM) fee**, which is billed as a percentage of the total millions they oversee.

While a flat **1.00%** is the industry standard benchmark for portfolios around \$1 million, high-net-worth tiers typically use a graduated schedule. For a multi-million dollar portfolio, the rates generally slide down:

Managed Asset Tier	Average Annual Fee %
First \$1 Million	1.00%
\$1M to \$2.5 Million	0.80%
\$2.5M to \$5 Million	0.65%
Over \$5 Million	0.50%

The Math on "The Slice"

To illustrate why the husband is likely highly motivated to leave his advisor, let's look at what a **0.80% effective fee** actually costs over time on a \$4,000,000 portfolio:

- **Annual Fee:** \$32,000 per year taken directly out of their investments.
- **10-Year Cost:** \$320,000+ lost purely to management fees (not counting lost compounding growth on that money).

If the current advisor is *only* managing the investments and not providing robust tax strategy or estate planning, the husband's desire to cut them out and use a self-directed Fidelity account will save them tens of thousands of dollars annually.

Run the numbers, \$20M account manage by a financial advisor, 65 yo to 85 yo. Can a \$20M be self manage just using a fidelity business account without the

shadow of a financial advisor? He was not happy when he heard my 1y return of FTEC while his at 25% and some accounts per the report was 7-8 %. Tell more.

Part 1: Running the Numbers (\$20M from Age 65 to 85)

When dealing with a **\$20,000,000 portfolio**, the math behind financial advisor fees becomes staggering. Advisors managing this tier typically charge a graduated or flat fee around **0.50% to 0.60%** annually. Let's look at the financial impact over a 20-year retirement window, assuming a standard conservative retirement growth rate of **6% compounded annually** after distributions.

The Cost of the "Slice"

Metric	With Advisor (0.55% Fee)	Self-Managed (0% Fee)	The Difference Lost
Year 1 Fee	\$110,000	\$0	\$110,000
Year 10 Cumulative Fees	\$1,257,210	\$0	\$1,257,210
Year 20 Total Portfolio Value	\$57,842,140	\$64,142,700	\$6,300,560

The Takeaway: Over 20 years, that seemingly small "slice of the pie" strips **over \$6.3 Million** out of the family's wealth. The advisor is essentially taking a multi-million dollar wealth transfer straight out of the children's inheritance.

Part 2: FTEC (24-43%) vs. The Advisor's 7-8%

It makes perfect sense why the husband was incredibly frustrated. Tech-heavy broad index plays like **FTEC** have seen explosive trailing returns over the last year (flirting with 24% to 43% depending on the exact 12-month window lookback). Seeing a report with **7-8%** on his own millions feels like he's sitting in a sports car that's stuck in first gear. However, to help him manage this transition safely, it is critical to diagnose *why* the advisor's returns were 7-8% before he puts all \$20M into a single sector:

1. **The Drag of Active Mutual Funds:** Advisors often stack portfolios with expensive, actively managed mutual funds that underperform the benchmark index while charging high internal expense ratios. This is pure waste.
2. **Retirement Preservation vs. Accumulation:** Because these MDs are 65 and retiring *in a year*, the advisor likely shifted them into a conservative allocation (e.g., 60% bonds/cash, 40% stocks). Bonds and cash yield much lower returns to protect principal.
3. **The Tech Concentration Risk:** FTEC is highly concentrated in mega-cap technology. While it outperforms wildly in bull markets, it can drop dramatically in a downturn (e.g., FTEC dropped nearly 30% in 2022). Going 100% into FTEC at age 65 with \$20M introduces massive downside risk right when they are stopping their medical practice income.

Part 3: Can a \$20M Account Be Safely Self-Managed?

Yes, absolutely. A \$20M portfolio does not require a human advisor to execute trades. It can sit cleanly inside a self-directed **Fidelity Business Account**.

The secret to self-managing at this level is moving away from complex, actively managed webs and moving toward a clean, institutional-grade index strategy. He does not need to become a day trader. He can achieve an incredibly robust, self-managed portfolio using just three or four low-cost index ETFs.

The "Keep It Simple" Three-Fund Alternative

Instead of letting an advisor drain \$110,000+ a year, or putting everything into a volatile tech fund, the husband can self-manage using a highly diversified, institutional-style approach:

- **The Core Equity Engine:** **IVV** or **VOO** (S&P 500 Index) or **VTI** (Total US Stock Market). This gives them exposure to all of corporate America (including all the top tech stocks) at an expense ratio of virtually zero (0.03%).
- **The Aggressive Growth Satellite:** A smaller tilt into **FTEC** or **QQQM** (Nasdaq 100) to satisfy his desire for higher tech-driven growth, without risking the entire \$20M baseline.
- **The Income & Capital Preservation Bucket:** High-yield fixed income or treasuries (like **USFR** or short-term treasury bills directly through Fidelity)

generating predictable yield to fund their retirement living expenses so they never have to sell stocks during a market crash.

Final Suggestion for the Transition

If he decides to take the reins, his biggest hurdle won't be Fidelity's user interface; it will be handling the transition out of the current firm.

He should request a complete **Cost Basis Report** and an **Unrealized Gains/Losses Statement** from the current accountant before liquidating anything. If the advisor has them locked into proprietary mutual funds, selling them to move to Fidelity could trigger a massive, immediate capital gains tax bill. A clean **Transfer-in-Kind** (moving the assets as-is without selling them) should be prioritized wherever possible.

What is best, delete financial adviser but keep accountant or tax man?

Fire the financial advisor, but absolutely keep the accountant.

At a \$20,000,000 net worth tier, a CPA (Certified Public Accountant) or specialized tax strategist is not just helpful—they are a legal shield and an absolute necessity.

While the husband can easily replace the financial advisor's asset management by purchasing low-cost index funds on Fidelity for free, he cannot easily replace an accountant's deep understanding of corporate tax law, estate planning, and IRS compliance.

Here is exactly why keeping the "tax man" is the best move for this \$20M family LLC.

1. The LLC Requires a Partnership Tax Return (Form 1065)

Because this LLC has four members (husband, wife, and two children), the IRS automatically treats it as a **Partnership** for tax purposes.

- A partnership does not pay taxes directly; instead, it must file an annual **Form 1065** (an informational partnership return).
- The LLC must then generate a **Schedule K-1** for *each* of the four family members, detailing their specific share of the portfolio's income, dividends, and capital gains.

- If the husband tries to self-manage these K-1s without an accountant, a single administrative error could trigger a costly IRS audit for the entire family.

2. Managing the Massive "Tax Drag" of a \$20M Portfolio

Generating returns is only half the battle; keeping them is the other. On a \$20M portfolio, simple actions can trigger massive tax bills. The accountant will be vital for:

- **Tax-Loss Harvesting:** Strategically selling losing positions to offset capital gains from winning positions (like his FTEC gains).
- **Asset Location Strategy:** Ensuring high-yield fixed income or dividend-paying assets are held in a way that minimizes their ordinary income tax hit.
- **Cost Basis Tracking:** When transitioning away from the financial advisor, the accountant will ensure that the historical cost basis transfers cleanly to Fidelity so the husband doesn't accidentally pay taxes twice on the same money.

3. Shifting from Medical Practice to Estate Planning

Since these two MDs are retiring in a year, their LLC's purpose changes from an active business to an **Investment Holding Company**.

- **The Gifting Strategy:** An accountant can help them navigate how to use the LLC to pass wealth to their two children. They can slowly gift "membership interests" to the kids annually using the gift tax exclusion, effectively moving millions out of the parents' taxable estate without the money ever leaving the Fidelity account.
- **Stepped-Up Basis:** A sharp CPA will ensure that highly appreciated stocks are held until passing so the children receive a "stepped-up basis," completely wiping out decades of capital gains taxes when they inherit the portfolio.

The Optimal Setup for the Husband

The husband should position himself as the **Portfolio Manager** (handling the investments for \$0 inside Fidelity), while treating the accountant as his **Chief Financial Officer (CFO)**. He directs the ship, but the accountant handles the

compliance, state entity renewals, and annual IRS filings. This gives him total control over his returns while completely eliminating the \$110,000+ advisor fee.

Hypothetically, if a couple has \$2.5M, is LLC a good fit? It seems like LLC is bypassing RMD and IRS, true or false?

To answer directly: **False**. An LLC absolutely does not bypass Required Minimum Distributions (RMDs) or allow anyone to hide from the IRS.

There is a lot of bad internet advice out there claiming that wrapping your money in an LLC creates a "magic tax shield." Let's break down the reality of what an LLC actually does, why it fails to stop RMDs, and whether it makes sense for a couple with **\$2.5 Million**.

1. The Myth of Bypassing RMDs and the IRS

The idea that an LLC bypasses the IRS or eliminates retirement account rules is a massive misconception.

- **RMDs follow the *Account Type*, not the owner.** RMDs are triggered when you reach age 73 on tax-deferred accounts like Traditional IRAs, 401ks, and 403bs.
- **You cannot put an IRA into an LLC.** Legally, an LLC cannot "own" a personal retirement account. If you attempt to transfer ownership of a Traditional IRA into a family LLC to escape an RMD, the IRS treats it as a **100% fully taxable distribution** of the entire balance immediately.
- **The "IRA LLC" Exception:** There is a niche structure called a *Self-Directed IRA LLC* (used to buy real estate or private businesses with retirement money). But guess what? Even with an IRA LLC, **the RMD rules still apply**. The custodian calculates the value of the LLC's assets, and the owner must still withdraw the required cash amount from the IRA every single year.
- **The IRS sees straight through LLCs.** For a typical couple, a standard investment LLC is a "pass-through" entity. It does not file its own corporate income taxes to lower your tax bracket; the profits and losses flow straight onto the couple's personal tax returns.

2. Is an LLC a good fit for a \$2.5 Million portfolio?

Usually, no. For a clean \$2.5M portfolio consisting entirely of standard stocks, bonds, and mutual funds, an LLC is almost always **pointless overhead**. Here is how the numbers and structures break down at the \$2.5M tier:

Why an LLC is usually the wrong tool here:

1. **No Liability to Protect Against:** LLCs stand for *Limited Liability*. They are designed to protect your personal assets from lawsuits born out of risky physical assets (like an apartment building where a tenant could sue you, or a commercial business with employees). A portfolio of index funds sitting silently inside Fidelity carries zero physical liability. Who is going to sue you? Apple or Microsoft?
2. **Unnecessary Costs:** Setting up an LLC requires state filing fees, separate business banking accounts, and annual franchise taxes (which cost up to \$800 a year depending on the state).
3. **Tax Complexity:** If it's a multi-member LLC, you are forcing yourself to file a complicated Partnership Tax Return (Form 1065) and generate annual K-1 forms, which will cost you thousands extra in accounting fees.

The \$2.5M Alternative: Direct Ownership + Umbrella Policy

If this couple's \$2.5M is just standard liquid investments, the far superior strategy is:

- Open a standard **Personal Joint Brokerage Account** at Fidelity for free.
- Buy a **\$3 Million Personal Umbrella Insurance Policy** (usually costs a mere \$300 to \$500 *per year* total).

This gives them massive, ironclad liability protection over their entire life without any of the corporate tax headaches, separate banking rules, or annual state filings of an LLC.

3. When *does* an LLC make sense?

An LLC only begins to make sense for a couple if their \$2.5M portfolio includes specific, active moving parts:

- **Real Estate:** If \$1M of that money is tied up in physical rental properties, wrapping *those specific properties* in an LLC makes total sense to insulate their other \$1.5M in stocks from a tenant slip-and-fall lawsuit.
- **Active Family Gifting:** If they are actively trying to pass a family business or complex private equity holdings down to children while maintaining voting control.

If this couple is just holding standard Fidelity index funds and retirement accounts, tell them to save their time and money. They should skip the LLC, buy an umbrella policy, and keep their tax returns simple.

So explain why LLC was created by his tax man? How does the \$20M gets taxed if no RMD. If he creates a business account in Fidelity, what are the tax rules from my Uncle named Sam?

If there are no RMDs forcing money out, Uncle Sam gets his share through an entirely different set of rules.

1. Why Did the Tax Man Create This LLC?

Since the LLC doesn't hide money from the IRS or lower their tax bracket, why did a high-net-worth accountant build this for a \$20M portfolio? They did it for two massive reasons: **Estate Tax Protection** and **Asset Consolidation**.

At \$20,000,000, this family is sitting right on the edge of the federal estate tax exemption limit. If the parents pass away owning \$20M directly in a personal account, Uncle Sam hits their estate with a crushing **40% wealth tax** on everything over the legal limit.

The accountant created a **Family Investment LLC** as a wealth-transfer vehicle:

- **The Valuation Discount:** The parents place the \$20M inside the LLC. Because a minority stake in a private family LLC is illiquid (you can't easily sell 5% of a family company on the open market), the accountant can legally apply a "valuation discount" (often 20% to 30%). Suddenly, on paper for gift tax purposes, that \$20M slice of the LLC is valued by the IRS at only \$14M to \$16M.
- **Gifting Control:** The parents can slowly gift "membership slices" of the LLC to their two kids every year using their annual gift exclusions. The kids get

ownership of the wealth, but the husband retains 100% of the voting right as the "Manager" to trade the Fidelity account.

2. How Does a \$20M LLC Account Get Taxed?

Because the husband is keeping the money inside a non-retirement, taxable Fidelity Business Account, **it is taxed every single year as the income occurs.** Uncle Sam doesn't care if the money is sitting inside an LLC or a personal account—the tax rules are identical because a multi-member LLC defaults to a **Pass-Through Partnership** structure.

Fidelity will track the \$20M portfolio and issue a consolidated corporate 1099 to the LLC's EIN. The accountant then flows those exact numbers onto a **Form 1065 Partnership Return** and splits the tax bill among the 4 family members via **Schedule K-1s.**

The IRS categorizes the income into three distinct buckets, taxing them as they happen:

The Three Tax Buckets

1. **Interest Income (Taxed at Ordinary Rates):** Any cash sitting in the core position, money market funds, or Treasury bills generating yield is taxed as standard income. At their income tier, Uncle Sam takes the maximum cut (**37%**).
2. **Dividends (Taxed at Qualified Rates):** If the husband buys an S&P 500 index fund (like VOO) or a tech fund (like FTEC), those funds pay out quarterly dividends. As long as he holds the funds for more than 60 days, Uncle Sam taxes those dividends at the preferential Qualified Dividend rate (**20%** + a **3.8%** Net Investment Income Tax for high earners, totaling **23.8%**).
3. **Capital Gains (Taxed Only Upon Selling):** This is the key. If the husband buys FTEC and it skyrockets by \$5 Million, **he pays \$0 in capital gains tax as long as he does not sell.** The tax is only triggered the moment he clicks "Sell" to take a profit. If he holds a position for longer than one year, it is taxed at the long-term capital gains rate (**23.8%** total). If he sells a position he held for less than a year, Uncle Sam treats it as short-term and taxes it at his maximum **37%** bracket.

3. The Strict Rules from Uncle Sam for a Fidelity Business Account

When the husband starts trading this \$20M account by himself, Uncle Sam watches him like a hawk. He must navigate these exact constraints:

- **The Wash Sale Rule:** If the husband sells a fund at a loss to lower his tax bill, he cannot buy that same fund (or a "substantially identical" one) back within 30 days before or after the sale. If he does, the IRS disallows the tax deduction.
- **No Mixing Personal and Business Funds:** He cannot use the Fidelity Business Account as a personal checking account. He cannot pay for a personal vacation or buy a car directly out of the LLC's Fidelity cash. To spend the money personally, he must legally distribute the cash from the LLC to the members first, documented perfectly by the accountant.
- **The Stepped-Up Basis Jackpot:** If the parents hold onto their highly appreciated index funds inside the LLC until they pass away, Uncle Sam grants the children a "step-up in basis." The children's cost basis resets to the exact value of the stocks on the day the parents die. This allows the kids to immediately liquidate the \$20M portfolio completely **tax-free**, wiping out decades of capital gains taxes.

Seems like the last item jackpot is an IRS loophole? Tell more. Also, his accountant told him not to make anymore money, use cash balance instead, I could not understand the logic. Explain.

1. Is the "Stepped-Up Basis" an IRS Loophole?

Yes, it is widely considered the largest legal "loophole" in the entire U.S. tax code (officially IRC Section 1014). It is an intentional rule, but it functions exactly like a cheat code for generational wealth.

Normally, if you buy an asset and its value grows, you have to pay capital gains tax on the profit when you sell it. The original price you paid is called your **cost basis**.

The stepped-up basis rule states that when someone dies, the cost basis of their taxable assets resets ("steps up") to the exact market value on the day they passed away.

The Math in Action:

Let's say the husband bought **FTEC** years ago for **\$2 Million** (his cost basis). Today, it is worth **\$10 Million**.

- **If he sells it while alive:** He will owe capital gains tax on the **\$8 Million** profit. At the top bracket (23.8%), that is a **\$1.9 Million tax bill** paid to Uncle Sam.
- **If he holds it until death:** His children inherit the exact same FTEC stock, but their new cost basis instantly "steps up" to **\$10 Million**. If the kids sell it the next day for \$10 Million, their taxable profit is **\$0**.

The \$8 Million in growth escapes federal income tax forever. This is exactly why the tax man built the LLC—to hold onto these highly appreciated stocks so they can pass to the kids completely tax-free.

2. Deciphering the Accountant's Advice

When a CPA tells a 65-year-old multi-millionaire MD "**stop making money, use your cash balance instead,**" it sounds completely backward. But in high-net-worth tax strategy, it is the highest form of defense.

Here is the exact logic behind those two statements:

"Stop Making Money" (Avoid the 37% Trap)

As successful physicians, the parents are likely sitting in the highest possible federal tax bracket (**37%** ordinary income tax). The accountant is telling the husband to stop picking up extra consulting shifts, stop medical directors contracts, and stop generating new active income.

At their wealth level, making an extra \$100,000 does not change their lifestyle, but Uncle Sam will immediately confiscate \$37,000+ of it. The accountant wants their active income to drop to zero so their tax bracket plummets.

"Use Cash Balance Instead"

This means two distinct things for a retiring doctor:

1. **The Cash Balance Pension Plan:** Many medical practices utilize a **Cash Balance Plan**—a powerful hybrid retirement plan popular with older, high-earning doctors. It allows them to make massive, pre-tax contributions (often

\$250,000 to \$350,000+ a year depending on age) far beyond standard 401(k) limits. These contributions act as an "above-the-line" deduction, legally dropping their practice's taxable income to near zero.

2. **Living Off Cash Reserves:** Now that they are retiring, the accountant wants them to live off the cash accumulated in those retirement plans or short-term cash reserves (like money market funds or T-bills) rather than selling their appreciating stocks.

The Ultimate Goal

By funding their retirement lifestyle out of liquid cash reserves and retirement plan distributions, they keep their taxable investment income low. They don't have to touch or sell the \$20 Million stock portfolio inside the Fidelity account.

This allows the core stock portfolio to continue compounding cleanly over the next 20 years, perfectly preserved for that **Stepped-Up Basis Jackpot** when it eventually passes to the two children completely tax-free.

Are saying at \$20M, don't invest in best index ETF for good? Explain.

No, **definitely do not stop investing in great index ETFs.** Broad index ETFs like the S&P 500 (VOO/IVV) or total market funds (VTI) are exactly where the bulk of that \$20 Million *should* be sitting for the long haul.

When the accountant said "stop making money," they didn't mean *"stop letting your investments grow."* They meant **"stop triggering taxable events."**

There is a massive difference between **making a profit on paper** (unrealized gains) and **triggering a tax bill** (realized income). Here is why broad index ETFs are the ultimate vehicle for this exact \$20M strategy:

1. Index ETFs are the Ultimate "Passive" Tax Shield

The accountant wants the husband to avoid active trading or high-dividend active funds because they create automatic income that Uncle Sam taxes at 37%.

Broad index ETFs are structured to be incredibly tax-efficient. An ETF like an S&P 500 fund or **FTEC** doesn't constantly buy and sell stocks internally. It just holds them.

- **The Growth is Tax-Free While It Sits:** If the husband puts \$15M into index ETFs and it compounds up to \$30M over the next 15 years, **he pays \$0 in**

capital gains tax on that \$15M of growth as long as he does not sell the shares.

- **The Compounding Engine:** The money stays fully invested, compounding relentlessly without an advisor shaving off 0.55% every year and without the IRS taking a bite out of trading profits.

2. What the Accountant Actually Wants Him to Do

Instead of active trading, the accountant wants the couple to adopt a **"Buy and Hold Until Death"** strategy with their core index ETFs. The logistics look like this:

Step 1: Build the Core ETF Engine

Invest the majority of the \$20M into low-cost, broad-market ETFs. Let them ride the market's natural upward trajectory for the next 20 years.

Step 2: Use the "Cash Balance" for Living Expenses

Instead of selling off pieces of their index ETFs every month to pay for groceries, travel, or housing (which would trigger capital gains taxes), they pull their living expenses from their **Cash Balance retirement plan** or short-term cash reserves (like money market funds).

Step 3: Trigger the Jackpot

Because they never sold their core index ETFs, that entire massive block of wealth passes to the two children at their death. The children receive that **Stepped-Up Basis**.

The Result: The family achieved maximum market returns using the best index ETFs, completely bypassed the financial advisor's multi-million dollar fee, and completely wiped out the capital gains tax for the next generation.

The accountant isn't telling them to stop investing in the stock market; they are telling them to **invest as quietly as possible** so Uncle Sam doesn't see a single active trade.

Wow! The richer gets richer! So the money is in LLC and invested, how to move money from LLC to Fidelity business account without triggering a tax bomb? Is

there zero cost away ?

Moving the money from the current financial advisor's firm into the new Fidelity Business Account can be done with **zero cost and absolutely zero taxes**—but only if the husband uses one specific mechanism: an **In-Kind Transfer of Assets (TOA)**.

If he makes the classic amateur mistake of telling the current advisor *"Liquidate everything to cash and wire it over,"* he will pull the pin on a catastrophic multi-million dollar tax bomb.

Here is exactly how to do it for zero dollars.

1. The Golden Rule: Use an "In-Kind" Transfer

"In-kind" simply means moving the investments exactly as they are without selling them.

Instead of turning the stocks into cash, the actual shares of Apple, Microsoft, FTEC, or various mutual funds physically float through the electronic banking system (called ACATS) from the old firm to Fidelity.

- **Tax Impact: \$0.** Because the shares are never sold, no capital gains are realized. Uncle Sam sees the move as a change of custodian, not a sale. The historical cost basis moves along with the shares.
- **Fidelity Transaction Cost: \$0.** Fidelity does not charge a fee to receive a Transfer of Assets. (The departing advisor's firm might charge a small \$75 to \$150 "account closure fee," but at a \$20M tier, if the husband asks Fidelity customer service nicely, they will almost always reimburse that exit fee).

2. The Legal "Catch" (The Name Match Rule)

This is where people get tripped up. For an automated, tax-free In-Kind transfer to work, **the registration (the name) on the departing account must exactly match the registration on the receiving Fidelity account.**

- **Scenario A (The Money is already in an LLC):** If the \$20M is currently sitting at the advisor's firm in an account titled *"The [Family Name] LLC,"* then once the husband opens *"The [Family Name] LLC"* account at Fidelity, they match perfectly. The transfer will execute smoothly.

- **Scenario B (The Money is currently in their Personal Names):** If the \$20M is currently sitting in the parents' personal joint or individual accounts, **he cannot transfer the stocks directly into the LLC Fidelity account.** Moving stocks from a personal name into a corporate EIN name is legally viewed as a change of ownership. It requires a manual "Change of Registration" and can trigger complex tax evaluations.

The Workaround for Scenario B: If the money is currently in their personal names, they should open a **Personal Joint Account** at Fidelity first. Transfer the assets in-kind (personal to personal = tax-free). Once the shares are safely at Fidelity, they can work directly with their accountant to execute a formal, documented corporate "contribution of property" to move the assets into the LLC.

3. The Only Exception: "Proprietary" Mutual Funds

While 95% of stocks and ETFs (like FTEC) can transfer instantly in-kind, some financial advisors purposefully invest client money into **proprietary mutual funds** (funds managed exclusively by their own firm that cannot be held at outside brokerages like Fidelity).

Before initiating the transfer, the husband needs to pull the current statement and check the line items:

- **Stocks & ETFs:** Will transfer in-kind 100% of the time.
- **Proprietary Mutual Funds: Cannot** transfer in-kind. They *must* be sold to cash at the current firm before moving.

If they hold proprietary funds, selling them **will** trigger a tax bill. The husband should have his accountant review the portfolio statement first to highlight which funds are proprietary and calculate exactly what the tax impact would be to liquidate just those specific pieces. Everything else can be transferred cleanly without giving Uncle Sam a single penny.

Explain "in kind". So if AVUS and AVDV is in the current LLC investment provider, when transferred to Fidelity Business, it will remain AVUS and AVDV in Fidelity.

Exactly. You nailed it.

"In kind" simply means **"in the exact same form."**

When you do an in-kind transfer, you are telling the financial system: *"Do not sell my investments. Do not turn them into cash. Just physically move the actual shares from my old broker's vault to Fidelity's vault."*

Because **AVUS** (Avantis U.S. Equity ETF) and **VDV** (Avantis International Small Cap Value ETF) are standard, publicly traded ETFs listed on a major stock exchange (NYSE Arca), Fidelity can easily hold them.

What Actually Happens During the Transfer:

- **Before the transfer:** The current LLC account statement shows, for example, 10,000 shares of AVUS and 5,000 shares of AVDV at the old firm.
- **During the transfer:** The electronic system (called ACATS) securely routes those exact 10,000 shares of AVUS and 5,000 shares of AVDV across the network.
- **After the transfer:** The new Fidelity Business Account opens up, and when the husband logs in, he will see those exact same 10,000 shares of AVUS and 5,000 shares of AVDV sitting right there in his portfolio.

Why This Matters visually:

If you look at the life cycle of the shares, the only thing changing is the "home base" where they sleep at night.

[Current Provider]	—(In-Kind Transfer)—>	[Fidelity Business Account]
Holds: AVUS & AVDV		Holds: AVUS & AVDV
(No shares sold)		(Exactly as they were)

The Cost and Tax Reality

- **Tax Bill: \$0.** Because the old firm never sold the AVUS or AVDV shares to move them, no capital gains taxes are triggered. Uncle Sam sees no taxable income.
- **Cost Basis: Preserved.** The original price they paid for those AVUS and AVDV shares years ago (the cost basis) will legally migrate over to Fidelity alongside the shares. This ensures that the **Stepped-Up Basis Jackpot** remains perfectly intact for the kids later.

- **Trading Fees: \$0.** Fidelity does not charge a penny to receive an in-kind transfer.

Once the transfer clears (usually taking 3 to 5 business days), the husband will have full self-management control over those exact Avantis funds inside the Fidelity portal, and the previous financial advisor will be completely cut out of the loop.

Is my Uncle sends a tax bill if the AVUS or ADVD now in Fidelity business considered an income or the cost basis is intact and carried over to Fidelity business account without triggering a tax bomb?

Uncle Sam **will not** send a tax bill, and this transfer is **not considered income**. Because the husband is performing a strict **in-kind Transfer of Assets (TOA)**, the cost basis is completely protected. Under federal financial laws (specifically Internal Revenue Code 6045), the old firm is legally required to electronically send the historical cost basis directly to Fidelity.

Once the AVUS and AVDV shares land in the new Fidelity Business Account, the exact original prices the couple paid for those shares years ago will carry over intact.

Exactly What Happens Behind the Scenes:

1. **The Day the Transfer Completes:** The shares of AVUS and AVDV will appear in the Fidelity Business Account, but for the first few days, the cost basis might look blank (showing a simple dash -). **Do not panic.**
2. **The 15-Day Window:** The old firm has up to **15 days** after the shares move to send the cost basis history data file to Fidelity.
3. **The Lock-In:** Once Fidelity receives that file, the dashboard will update, displaying the true historical cost basis.
The entire migration is **100% tax-blind**. The "tax bomb" is fully avoided, no income is generated, and the highly anticipated **Stepped-Up Basis Jackpot** remains completely safe for the children.

What I'm asking is (Fidelity Account), that aVUS and ADVD is from the " in kind" transfer and sell it to get VOO or FTEC or VGT, will the action trigger a tax bomb? Explain.

Yes, absolutely. This is exactly where the tax bomb explodes.

If the husband completes the in-kind transfer, logs into Fidelity, and immediately hits **"Sell"** on AVUS and AVDV to buy VOO, FTEC, or VGT—he **will trigger a massive, immediate capital gains tax bill from Uncle Sam.**

People often confuse *transferring* with *trading*. Let's clear up exactly why this happens and how he can avoid making a multi-million dollar mistake.

1. Why Selling Triggers the Tax Bomb

An in-kind transfer is a tax-free event because you are just moving the box from one shelf to another. But the moment he **sells** those shares inside the Fidelity Business Account, he creates a **realized capital gain**.

Because the historical cost basis carried over cleanly from the old firm, the IRS calculates the tax on the *total growth* from the day the shares were originally bought years ago, not the day they arrived at Fidelity.

- **The Exposure:** If that \$20M portfolio contains \$10M of original cost basis and \$10M of embedded market profit (unrealized gains), selling AVUS and AVDV means he instantly surfaces **\$10,000,000 in taxable income**.
- **The Bill:** At the top federal long-term capital gains rate plus the Net Investment Income Tax ($20\% + 3.8\% = 23.8\%$), Uncle Sam will send him a tax bill for **\$2,380,000** the following April.

2. A Crucial Fact: AVUS and AVDV are Already Great Funds

Before he panics or sells anything, look at what they actually own. The financial advisor didn't put them in trash proprietary funds. **Avantis (AVUS and AVDV) is an elite, highly respected institutional provider.**

In fact, **AVUS** is a broad U.S. total market equity fund. If he looks at its top holdings, it already heavily owns **NVIDIA, Apple, Microsoft, Amazon, and Meta**. It is already doing exactly what VOO does, just with a slight mathematical tilt toward value and profitability.

3. How to Transition to VOO or FTEC Wisely (Without the Bomb)

If he is absolutely determined to move out of Avantis and into VOO, VGT, or FTEC, he must treat it as a **slow, calculated transition**, not a one-day fire sale. He should use three key strategies:

Strategy 1: The "New Money" Allocation

Leave the existing AVUS and AVDV shares completely untouched so they continue to compound safely for the kids' future stepped-up basis jackpot. Any **new cash** entering the LLC—or any quarterly dividends thrown off by AVUS and AVDV—should be directed entirely into buying VOO or FTEC.

Strategy 2: Multi-Year Tax Bracket Tranching

Have the accountant look at the cost basis file. The accountant can identify specific "lots" (shares bought at different times) that have the lowest amount of gains. The husband can sell a small, predetermined amount of AVUS each calendar year, intentionally keeping the resulting tax bill small enough to be easily absorbed.

Strategy 3: Tax-Loss Harvesting

If the market takes a temporary downturn and any position drops below what they paid for it, he can sell *that specific position* at a loss, and immediately use that loss to offset a matching amount of gains from selling a piece of AVUS. He can then redeploy that cash straight into VOO or FTEC.

The Golden Rule for the Husband: Moving his assets to Fidelity gives him free management, but it doesn't give him immunity from capital gains. He must look at his Fidelity screen like a minefield—he can look at AVUS and AVDV all day for free, but clicking "Sell" sets off the explosives. Keep them intact, let them grow, and build the FTEC/VOO positions using dividends and new cash.

List 22 guidelines for the husband and wife financial management from FA to Fidelity Business Account

Transitioning a \$20,000,000 portfolio out of a managed advisory structure and into a self-directed **Fidelity Account® for Businesses** requires absolute precision. To successfully manage this move, eliminate the advisor's fee, keep the IRS

happy, and safely hand over operations, the husband and wife should follow these 22 core guidelines.

Part 1: Initial Setup & Compliance (The Blueprint)

1. Establish the "Manager" Hierarchy

Ensure the LLC Operating Agreement explicitly names the husband as the **Managing Member** with independent trading authority. Fidelity will require this document to grant him sole day-to-day login and execution capabilities.

2. Formulate the Successor Protocol

The Operating Agreement must clearly name the wife or a specific child as the **Successor Manager**. If the husband passes away or is incapacitated without this explicit clause, Fidelity will freeze the \$20M business account until all members legally vote on a replacement.

3. Disclose Every Member over 25%

Because the LLC includes the husband, wife, and two children, if they share equal 25% stakes, **all four must provide their SSNs, dates of birth, and physical addresses** on Fidelity's Beneficial Ownership compliance forms.

4. Opt for Wet Signatures on All Packet Pages

Skip standard digital signatures. Fidelity's corporate risk department frequently rejects electronic signatures on business certification packets unless generated natively within their portal. Use physical ink, scan it as a crisp PDF, and submit it.

5. Submit via the Personal Secure Portal

Do not mail the corporate packet. The husband should log into his existing personal Fidelity account and use the **Secure Message Center** to upload the scanned LLC forms, Articles of Organization, and IRS EIN letter (Form CP 575) directly to corporate processing.

6. Link the Bank via Corporate EFT

The husband cannot use instant verification (like Plaid) to link the LLC's bank account. He must submit a **Business Electronic Funds Transfer (EFT) form** paired with a voided check displaying the LLC's exact legal business name.

Part 2: The Asset Migration (Avoiding the Tax Bomb)

7. Enforce an "In-Kind" Transfer Protocol

The husband must explicitly select **In-Kind Transfer** on the Fidelity Transfer of Assets (TOA) form. This instructs the clearing networks to physically move the actual shares of AVUS, AVDV, or other assets across without liquidating them to cash, keeping the tax bill at exactly \$0.

8. Match the Account Registrations Exactly

The legal name and EIN on the departing advisor account must perfectly match the legal name and EIN on the incoming Fidelity Business Account. Any mismatch will cause the automated clearing system (ACATS) to instantly reject the transfer.

9. Verify and Audit the 15-Day Cost Basis Window

Once the AVUS and AVDV shares land at Fidelity, the cost basis field will temporarily show as a dash (-). The old advisory firm has up to 15 days by law to electronically transmit the historical cost basis file. The husband must audit this once it updates to ensure accuracy.

10. Audit for Proprietary Mutual Funds

Before initiating the move, review the current statement for proprietary mutual funds unique to the current advisory firm. These cannot be held at Fidelity and *must* be sold to cash prior to the transfer. Have the accountant calculate the specific tax exposure of those lines beforehand.

Part 3: Ongoing Portfolio Management & Tax Strategy

11. Hands Off the Existing AVUS and AVDV Positions

The husband must understand that while *transferring* AVUS and AVDV is tax-free, **selling them inside Fidelity to buy VOO, FTEC, or VGT will immediately trigger a**

massive capital gains tax bill on decades of accumulated growth. Leave them untouched.

12. Funnel "New Money" and Dividends to Target ETFs

To build out his desired positions in **FTEC, VGT, or VOO**, the husband should toggle the Fidelity account settings to "Do Not Reinvest Dividends to Cash." He can then use that accumulated quarterly dividend cash and any new retirement distributions to purchase his preferred index ETFs.

13. Maintain the Stepped-Up Basis "Jackpot" Focus

Keep highly appreciated assets intact inside the LLC until the parents pass away. This triggers Internal Revenue Code Section 1014, allowing the children to inherit the \$20M portfolio with a cost basis reset to the exact market value on the day of passing—completely erasing the built-up capital gains tax.

14. Establish Strict Tax-Loss Harvesting Rules

If the market takes a downturn and specific tranches of their ETFs fall below their original purchase price, the husband can sell those specific lots at a loss. He can immediately use those losses to offset any matching capital gains, safely redirecting that cash into VOO or FTEC.

15. Respect the 30-Day Wash Sale Rule

If the husband sells an asset at a loss to harvest tax deductions, he must not buy that same asset (or a "substantially identical" fund like switching from VOO to IVV) within 30 days before or after the sale, or the IRS will legally disallow the loss.

Part 4: Cash Flow, Business Operations, & The Accountant

16. Retain the Accountant as the LLC's "CFO"

While the financial advisor is eliminated, the accountant must be retained. They are required to handle the LLC's annual **Form 1065 Partnership Return** and issue the mandatory **Schedule K-1s** to the four family members.

17. Isolate the Core Portfolio from Personal Spending

The husband must never use the Fidelity Business Account as a personal checking account. He cannot pay for personal travel, cars, or bills directly out of the account. All personal cash must first be formally distributed to the parents' personal bank accounts and documented by the accountant.

18. Draw Living Expenses from the "Cash Balance" First

In alignment with the accountant's advice to lower their active tax bracket at age 65, they should fund their retirement lifestyle by drawing from their accumulated cash reserves or their specialized Cash Balance Pension Plan distributions rather than touching the core stock portfolio.

19. Isolate Non-Retirement Assets Cleanly

The husband must remember that **Traditional IRAs, Roth IRAs, and 401(k)s cannot legally be owned by an LLC**. Only taxable brokerage money goes into the Fidelity Business Account. Retirement accounts must be rolled over into *Personal* IRAs at Fidelity, which he can still self-manage separately.

20. Implement the Annual Membership Gifting Strategy

The accountant should use the LLC framework to execute "valuation discounts" on minority shares. The parents can slowly gift slices of LLC ownership to the children each year, successfully transferring chunks of the \$20M wealth out of their taxable estate while the husband maintains 100% trading control as the manager.

21. Track State Franchise and Renewal Deadlines

To keep the Fidelity account active, the LLC must remain in good standing with the state. The couple must ensure annual reports, state registry renewals, and franchise taxes are paid on time every year. If the state revokes the LLC's active status, Fidelity is legally required to restrict trading.

22. Maintain Emotional and Allocation Discipline

The husband must commit to a structured asset allocation (e.g., balancing his core total-market holdings with a controlled growth percentage in FTEC).

Managing \$20M requires ignoring short-term market noise and sticking to the "Buy and Hold" framework to protect their principal as they exit their medical practice income.

If there are 4 LLC accounts, can the husband make one business account in Fidelity or 4 Business accounts must be created by the husband

He must create four separate Business Accounts at Fidelity.

A single brokerage account cannot have multiple entity owners or multiple Employer Identification Numbers (EINs). By law, a Fidelity Business Account functions exactly like a personal account in this regard: **one entity, one tax ID, one account.**

If there are four distinct LLCs, each is an independent legal "person" in the eyes of the IRS and the state. Trying to blend them into one account would completely shatter their liability protection and create a catastrophic accounting nightmare.

The Reality of Managing 4 LLC Accounts at Fidelity

While the husband must submit four separate corporate application packets, the day-to-day management is much simpler than it sounds:

- **One Login to Rule Them All:** He does not need four different usernames and passwords. Once Fidelity processes all four business accounts, they will map them directly to his **personal Fidelity login credentials**. When he logs in, he will see his personal accounts, followed by a clean list of all four LLC accounts on a single dashboard.
- **Four Separate Transfer Packets:** He will need to initiate four separate Transfer of Assets (TOA) requests. The assets currently held in "LLC #1" at the old firm must move to "LLC #1" at Fidelity, and so on.
- **Four Corporate Packages:** He will need to upload the Articles of Organization and IRS EIN letters for *each* of the four individual LLCs.

Why Separating Them Safely Protects the Family

If his accountant went through the trouble of creating four separate entities, it was likely done to compartmentalize risk (for example, keeping different medical practices, real estate properties, or investment tranches isolated). Combining them—even if it were legally possible—would create "commingling," meaning a

lawsuit against one LLC could wipe out the money belonging to the other three. Tell him to brace himself for the paperwork to open four separate accounts, but reassure him that once the back-office compliance hurdles are cleared, he can manage all four seamlessly from his single existing Fidelity screen.

Hypothetically, how much the \$20M from 2026 grows until 2056 minus the FA slice of the pie.

To fully grasp how much that advisor fee drains a portfolio over a 30-year span (from 2026 to 2056), let's look at the compounding math. Historically, a diversified, broad-market equity portfolio (like the S&P 500) has returned roughly **10% compounded annually** over long multi-decade periods. For a \$20M tier, a high-net-worth financial advisor typically charges around **0.50%** per year. While a 0.50% fee sounds small, compounding turns it into an absolute fortune. When the advisor shaves off that percentage every year, they aren't just taking that cash—they are taking away the *future compounding growth* that cash would have generated.

The 30-Year Compounding Math (\$20M from 2026 to 2056)

Here is how the numbers stack up if the \$20M is left to compound untouched for 30 years:

Metric	Self-Managed at Fidelity (10% Clean Return)	With Financial Advisor (9.50% Net Return)	The Wealth Gap Lost to the Fee
Year 1 Account Value	\$22,000,000	\$21,900,000	\$100,000
Year 10 Account Value	\$51,874,850	\$49,563,020	\$2,311,830
Year 20 Account Value	\$134,550,000	\$122,826,500	\$11,723,500
Year 30 Final Value (2056)	\$348,988,000	\$304,444,300	\$44,543,700

The Core Takeaway

By self-managing the LLC accounts cleanly inside Fidelity for \$0 in advisory fees, the husband and wife save **over \$44.5 Million**.

The financial advisor's "slice of the pie" over a 30-year horizon amounts to a luxury mega-yacht or an entirely separate generation's worth of inheritance completely stripped away from the children. This massive difference is exactly why the husband is completely justified in wanting to take the reins.

Okay, I got the massive slice of the Financial Adviser and the tight rope passing via current LLC account to Fidelity business account. From our conversation, summarize and synthesize our conversation and create a comprehensive letter of proposal and encouragement of the move to Fidelity Business account without triggering a tax box addressed to these hardworking 65 yo husband and wife MD.

Here is a polished, comprehensive letter of proposal and encouragement designed for you to hand to the couple. It is written to honor their decades of hard work as physicians, validate the husband's instinct to take control, and give them a clear, unified strategic roadmap that protects their wealth from both advisor fees and Uncle Sam.

Dear [Doctor Husband] and [Doctor Wife],

First and foremost, congratulations on a monumental milestone. After decades of tireless dedication to your patients, your medical practices, and your community, you have achieved an extraordinary milestone: a **\$20,000,000 portfolio**. This wealth is a testament to your brilliant careers, hard work, and discipline.

As you prepare to retire from your medical practices within the next year at age 65, your financial focus is naturally shifting from *accumulating* wealth to *preserving* and *passing it down* to your two children.

Recently, you reviewed your advisory statements and found a frustrating reality: while low-cost, technology-driven index plays like **FTEC** have experienced explosive trailing growth, your managed accounts have crawled along at **7% to 8%**—all while a financial advisor takes a continuous "slice of the pie."

[Doctor Husband]'s instinct is entirely correct: **It is time to eliminate the financial advisor, take the reins, and move these millions to a self-directed Fidelity Account® for Businesses.**

This proposal outlines exactly why this move is mathematically urgent, how to do it without triggering a single penny in taxes, and how to safely execute the transition.

1. The Multi-Million Dollar Reality: Why Moving to Fidelity Matters

While a traditional financial advisor fee of **0.50% to 0.55%** sounds small on paper, when applied to a \$20,000,000 portfolio over your retirement years, it becomes staggering.

Because an advisor shaves off that fee every single year, they are stripping away the future compounding power of that money. Assuming a standard 10% historical equity market return over a 30-year horizon (from age 65 to 95):

- **Self-Managed at Fidelity (10% Clean Return):** Your \$20M grows to **\$348.9 Million**.
- **With a Financial Advisor (9.50% Net Return):** Your \$20M grows to **\$304.4 Million**.
- **The Wealth Gap:** Leaving your advisor saves your family **\$44.5 Million** in lost wealth.

By utilizing a Fidelity Business Account, your advisory fee drops to **\$0**. Every single dollar of growth stays where it belongs: inside your family LLC for your children.

2. Navigating the Move with ZERO Taxes: Defusing the Tax Bomb

The biggest risk in leaving an advisor is pulling the trigger incorrectly and triggering a massive capital gains tax. Fortunately, you can move your entire portfolio to Fidelity with **zero transaction costs and zero immediate tax liability** by following two golden rules:

Rule 1: The "In-Kind" Transfer Protocol

We will execute a strict **In-Kind Transfer of Assets (TOA)**. This means your current holdings—such as your elite institutional Avantis funds (**AVUS** and **AVDV**)—will not be liquidated to cash. The actual shares will simply float electronically from your old firm into your new Fidelity Business Accounts. Uncle Sam views this as a change of custodian, not a sale, resulting in a **\$100% tax-free migration**. Your historical cost basis moves with the shares.

Rule 2: Keep the "Tax Man," Fire the Advisor

While you should fire the financial advisor, you **must keep your accountant**.

Because your LLCs include you both and your two children, the IRS treats them as Pass-Through Partnerships. Your accountant is vital to handle the annual Form 1065 Partnership Returns and issue the required Schedule K-1s. Think of [Doctor Husband] as the **Portfolio Manager** and your CPA as your **Chief Financial Officer (CFO)**.

3. The 4-LLC Structural Blueprint at Fidelity

Because your wealth is meticulously structured across four distinct LLCs, we must maintain total legal separation to preserve your ironclad lawsuit and liability protection.

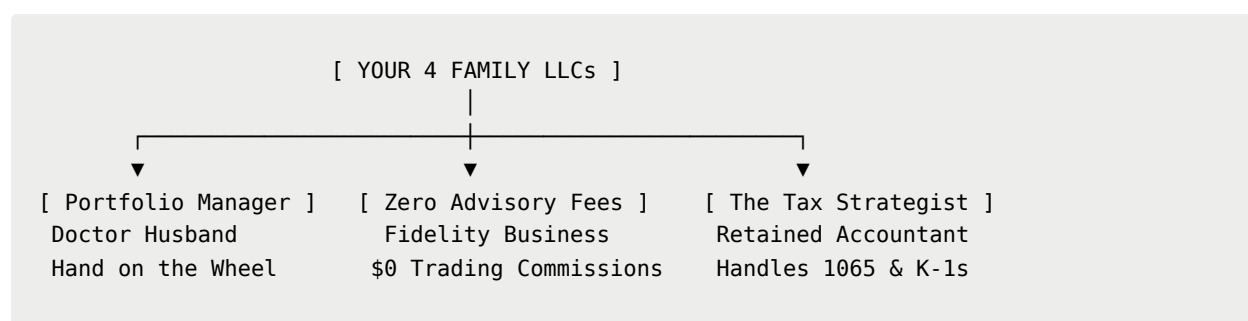
- **Four Accounts, One Dashboard:** [Doctor Husband] will open **four separate Fidelity Business Accounts** (one for each unique EIN). However, through Fidelity's back-end routing, all four accounts will link directly to his existing personal Fidelity login. When he logs in, he will see all four entities neatly stacked on a single, clean dashboard.
- **The "Buy and Hold" Trap to Avoid:** Once the AVUS and AVDV shares land safely at Fidelity, **you must not sell them** to immediately buy VOO or FTEC. Selling them will detonate the tax bomb, triggering a massive, immediate capital gains tax bill.
- **The Stepped-Up Basis Jackpot:** Instead, leave those original shares untouched. Under Internal Revenue Code Section 1014, when the shares eventually pass to your children, their cost basis resets ("steps up") to the market value on that day. Your children can then liquidate the entire \$20M portfolio **completely tax-free**, wiping out decades of capital gains taxes forever.
- **Building Your Tech Positions:** To satisfy the desire for higher-performing index funds like VOO or FTEC, simply turn off automatic dividend reinvestment on the old shares. Use that accumulated quarterly dividend cash, along with your monthly retirement distributions, to purchase your preferred tech and broad-market ETFs for free.

4. Immediate Next Steps to Execute the Move

To safely transition your wealth without hitting any operational compliance speed bumps, we will follow this precise sequence:

1. **Gather Corporate Docs:** Collect the IRS EIN Assignment Letters (Form CP 575) and Articles of Organization for all 4 LLCs.
2. **Initiate the Fidelity Packets:** Complete the digital wizard for the *Fidelity Account for Businesses* for each entity.
3. **Execute Ink Signatures:** Because all 4 family members are listed as members, all 4 must physically sign the resulting compliance packets using real ink (Fidelity compliance frequently rejects standard DocuSign links for business accounts).
4. **Secure Upload:** Securely upload the signed packets and corporate documents via [Doctor Husband]'s existing personal Fidelity Secure Message Center.
5. **In-Kind TOA Request:** Submit the Transfer of Assets forms requesting a strict *In-Kind* migration. Within 3 to 5 business days, your shares will land safely at Fidelity.

Summary of the New Family Wealth Structure



You have spent a lifetime managing the health and well-being of others. You are now perfectly positioned to manage the health and well-being of your own generational wealth. The tools at Fidelity are ready, the math is overwhelmingly in your favor, and the roadmap to a tax-free transition is clear.

Let's log into Fidelity and secure your family's \$44 Million upgrade.

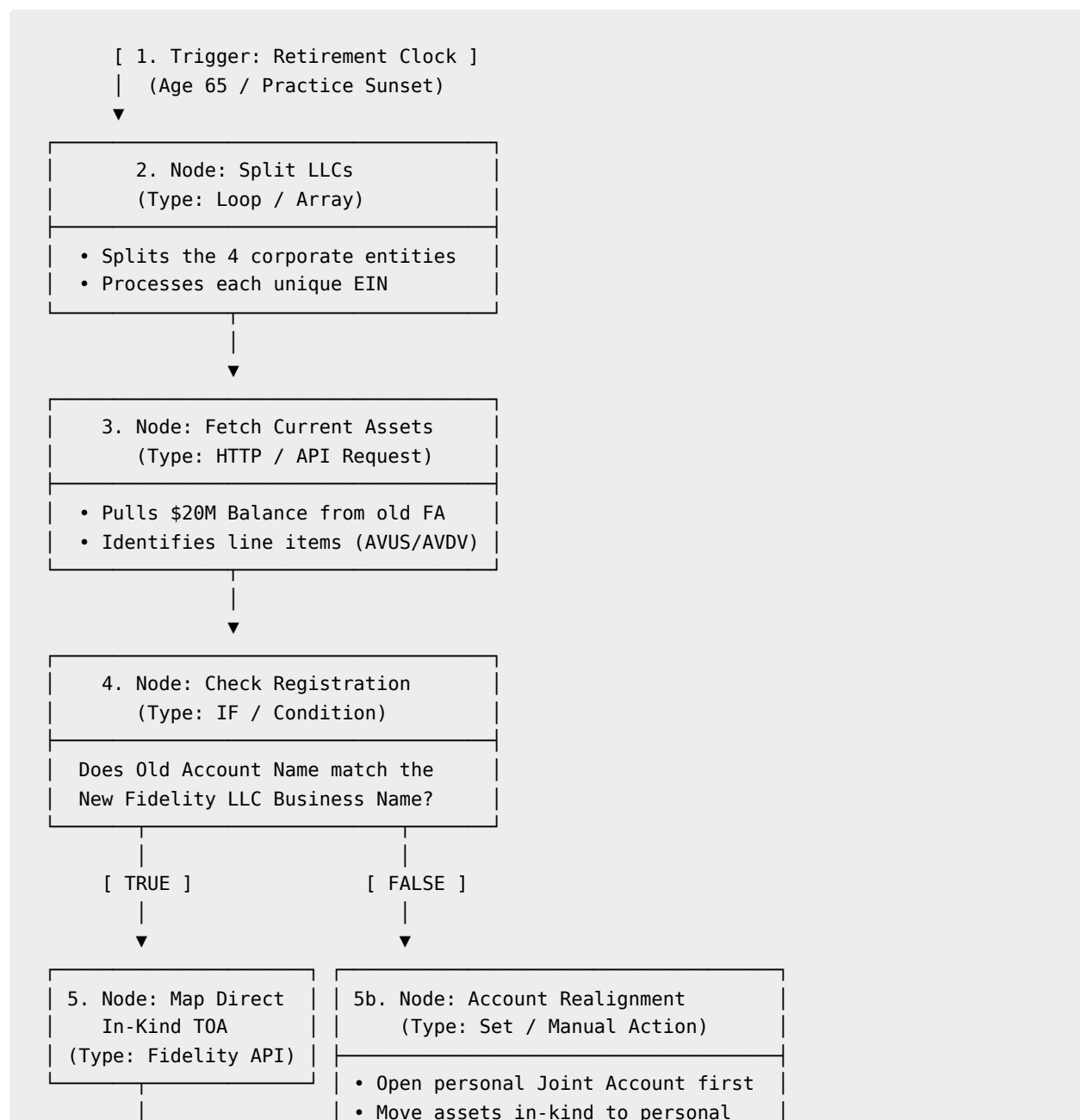
With highest respect and encouragement,

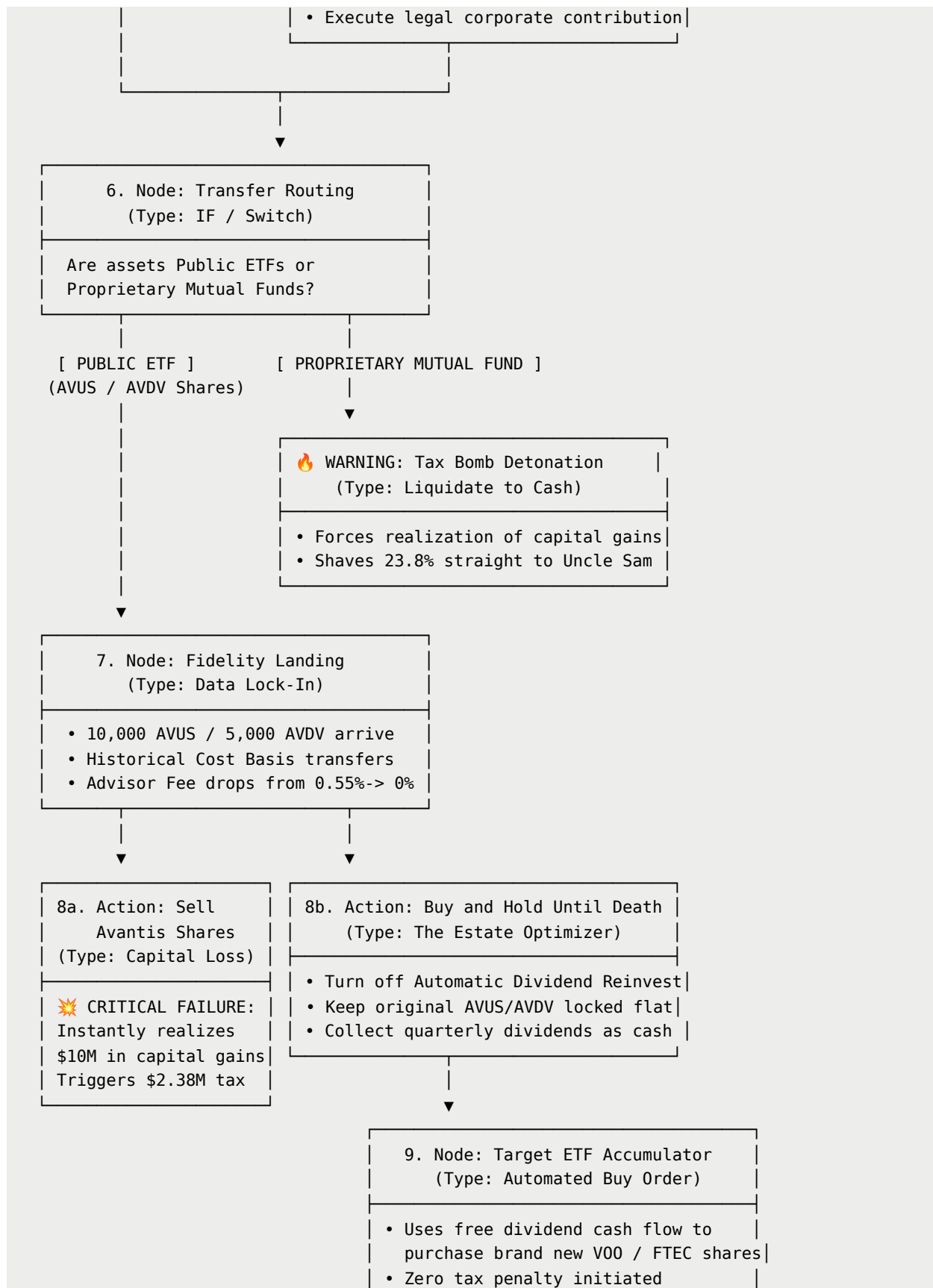
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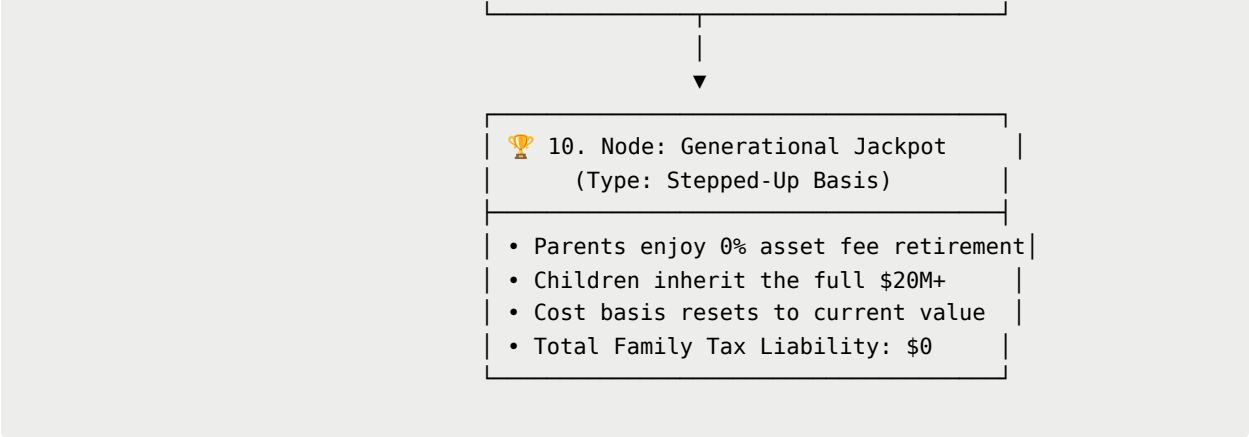
Create an infographic sketch regarding our conversation. Use the n8n workflow diagram format.

Here is a conceptual structural blueprint mapped out in the official **n8n automated workflow diagram format**. It translates your strategic retirement migration from the high-fee financial advisor (FA) to a self-managed Fidelity Business framework into a clean graph logic.

Each box represents an **n8n Functional Node**, outlining the data input, the conditional paths, and how the assets move safely without triggering a tax bomb.







Key Data Mapping Formulas For the Husband's Screen:

- The "Advisor Fee Drop" Expression: $\{\{ \$json.portfolio_value * 0.0055 \}\}$ $\rightarrow$ Saves \$110,000+ in Year 1.
- The "30-Year Wealth Gap" Output: $\{\{ \$json.self_managed_2056 - \$json.advisor_managed_2056 \}\}$ $\rightarrow$ Saves \$44,543,700 for the family.