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In the United States, there are more than thirty million small businesses, comprising over 99% of all businesses in the country. Over the last few years, there have been tens of thousands of small business transactions amounting to over \$5 trillion in deal value.

Business owners are often working so diligently *within* and *on* their businesses that they are unable to spend the time planning around their personal financial situation. The importance of *pre-transactional* planning for themselves and their families is often overlooked. We commonly find business owners searching for a wealth planning partner after or during the latter stages of a liquidity event. The sections below focus on essential items we have worked on with clients during the weeks and months leading up to these critical transactions.

Livelihood & Emotional Considerations

Many business owners have poured most of their life's work into their businesses, creating a strong emotional attachment. Key qualitative factors include decisions regarding the extent of ongoing involvement, the level or lack of control, the impact on employees, and lifestyle changes. The effect on an owner's family can be uncertain, and constructing a comprehensive plan can provide clarity around these uncertainties.

Multi-Generational Planning

Depending on the size and structure of a business, there are unique opportunities to transfer assets to future generations, particularly upon considering minority interest and illiquidity discounts. Effective planning around the generation-skipping transfer tax and the potential decrease in estate tax exemptions at the end of 2025 can further leverage these gifts to help provide for future generations in the most tax-effective manner.

Post-Sale Cash Flow

Depending on the unique situation, transitioning out of a position of control can be a stressful shift for many business owners. Cash flow is a key consideration whether the move is to embark upon the retirement process, remain in the company as an employee, or start a new business or endeavor. Engaging in these discussions early in the process and, more importantly, *stress-testing* these assumptions and potential paths create peace of mind to move forward with confidence and a plan.

Importance of Tax Planning

The nature of the complexity of tax planning may shift from business-focused planning and structure (i.e., multiple tax returns, deductions, entity elections, pass-through income) to a more personalized nature. There may be a greater opportunity or need to manage capital gains tax rates and individual tax brackets, consider Roth conversion strategies, and manage the timing for various deductions and expenses.

New Planning Opportunities

The composition of a business owner's personal balance sheet may change considerably upon the sale of a business. When a significant illiquid asset changes in nature, the resulting increase in liquidity may lead to a wider and more complex range of wealth planning opportunities, including:

- Education Planning
- Charitable Giving
- Restructuring Estate Planning Strategies & Documents
- Family Support Considerations
- Asset Protection
- Investment Planning & Diversification
- Debt Management & Reduction of Liabilities
- Cash Flow Management & Customized Retirement Planning

Business owners manage and coordinate more moving pieces than most realize, and constructing a comprehensive personal plan can result in the *offloading* of responsibility and create a smoother journey throughout the transition process.