



# *Legacy Strategies*

***Your Business***

***Your Legacy***

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**You are a business owner**

- ❖ What is your exit strategy?
- ❖ Do you need a retirement strategy or do you need to review your current one?
  - *Has your desire to work 18 hours a day diminished?*
  - *Do you find yourself wondering what the future holds?*
  - *Are you unsure of the process involved in making the leap from business owner to retirement?*

# Reviewing Objectives

Businesses are founded on dreams and hard work. You wouldn't run your business without a well thought out plan, so don't let your health or the changing market place force you into a situation where you are required to sell your business prematurely, without a plan.

Here are some examples of what may have changed compared to what used to be normal:

- ❖ Your partner developed a health problem
  - *You're now forced to do all the work yourself*
  - *Your partner's son, who you don't respect, is now taking charge of your partner's duties*
  - *You don't have a written agreement with your partner that covers these issues*
- ❖ Children have entered the business
  - *Plans for the continuation of the business should now include, rather than exclude, children*
- ❖ The Canadian dollar has increased in value
  - *Your business is primarily export and your margins may have collapsed*
  - *You need new technology to remain competitive*
- ❖ The business is just not fun anymore
  - *You're tired of working long hours while your friends are golfing or vacationing*
  - *You need more time to recuperate than you used to*
  - *You like the vacations but business pressures require more and more of your time, not less.*

# Developing Your Exit

The correct Legacy Strategies© can clearly assist an owner when selling a business. The process can be as simple as:

- ❖ *Developing the plan*
- ❖ *Selecting timing, on your terms*
- ❖ *Securing professional advice*

It is possible to continue to operate your business until your health forces you to retire. Our primary objective is to assist you in choosing the alternative path so you can enjoy your retirement. There are a number of easy steps to protect you from falling victim to a forced sale or partner takeover. Selling your business is a once in a lifetime event for you ---don't attempt it without the assistance of someone who has experienced it before.

There are definite elements of success in these one-time events.

They are:

- ❖ *Allow time to prepare*
- ❖ *Choose the best succession option*
- ❖ *Know your ideal buyer and terms*
- ❖ *Use professional advisors*
- ❖ *Make an orderly transition*



*Consulting Inc.*

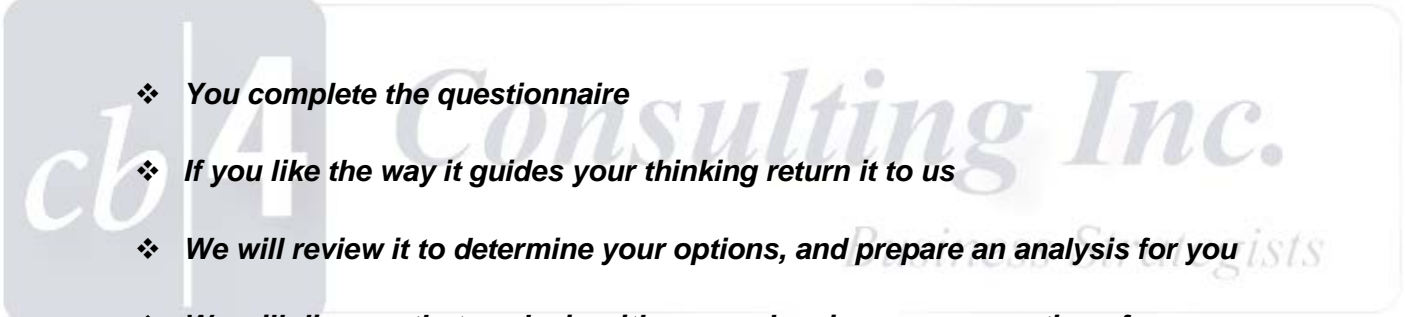
*Business Strategists*

# Our Services

We are in a position to offer our clients a service that helps you:

- ❖ *Clearly identify your objectives*
- ❖ *Identify your exit options, particularly at retirement*
- ❖ *Ensures your objectives are achievable*

This questionnaire helps guide you through the process of establishing your needs and objectives

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- ❖ *You complete the questionnaire*
  - ❖ *If you like the way it guides your thinking return it to us*
  - ❖ *We will review it to determine your options, and prepare an analysis for you*
  - ❖ *We will discuss that analysis with you and review our suggestions for your Legacy Strategies*
  - ❖ *We will also review your current agreements to ensure they harmonize with your objectives*

# My View of the Business

A – Strongly Agree, B – Agree, C – Disagree, D – Strongly Disagree

1. *My partner and I built this business ourselves* A  B  C  D

2. *My share of the business represents my largest estate asset*

A  B  C  D

3. *I will rely upon the business or its sale as a major source of my retirement income* A  B  C  D

4. *Should my partner retire before me I will ensure his retirement is secure*

A  B  C  D

5. *Should I become disabled the business will look after me* A  B  C  D

6. *Should any partner become disabled the business will provide for their family*

A  B  C  D

7. *We continue to take risks in order to expand the business* A  B  C  D

8. *I am proud of the success of this business* A  B  C  D

9. *I want this business to continue after my death* A  B  C  D

10. *I am uncertain of the Fair Market Value of this business* A  B  C  D

11. *The company has a Unanimous Shareholder Agreement* A  B  C  D

# Liquidation Strategy

This process involves the sale of the assets of the business, foregoing the Capital Gains Exemption that might be realized if sold as a going concern

1. *I feel this is the best course of action even though it may be my partner that initiates the action* Yes  No

2. *I am aware we will not receive full fair market value for the assets* Yes  No

3. *I know the loss in values that a forced sale will cause at a death or disability*

Yes  No

4. *I am aware of all the taxes payable on the sale of the business assets* Yes  No

5. *Our company has disability and life insurance that will cover this event should it take place* Yes  No

# Purchase by my family

For many family businesses it is important the business continues to be owned by the next generation. This is often a possibility but planning is the only way to ensure it will actually happen.

1. *The number of children I have is One, Two, More than Two* \_\_\_\_\_
2. *I would like someone in my family to take over my share of the business*  
Yes  No
3. *Someone in my partner's family would like to take over their share of the business*  
Yes  No
4. *It will be some time before anyone in my family could run the business*  
Yes  No
5. *It will be some time before anyone in my partner's family can take over the business* Yes  No
6. *It would be better if some of my children ran my share of the business* Yes  No
7. *My partner(s) have confidence in my family's ability* Yes  No
8. *I would be comfortable working with my partner's family in the event of death or disability* Yes  No
9. *I am comfortable relying upon my family for my retirement or disability*  
Yes  No
10. *I am hoping to retain the goodwill value of the business when I exit* Yes  No

# Sold as a Going Concern

You are hoping to retain the goodwill value of your business when you exit.

This could happen but finding a buyer and the raising of capital are issues that require planning and agreement.

1. *I know who the specific buyer will be* Yes  No
2. *The buyer will be my partner who has the resources to buy. I believe selling my business is best for me and my family. \*\*If no go to the next page* Yes  No
3. *I have the resources to buy my partner's share* Yes  No
4. *We have a fully funded agreement covering death, disability and retirement*  
Yes  No
5. *I am comfortable with an outsider buying my partner's share* Yes  No
6. *I have a ready buyer (other than my partner) for my share in the event I need to sell* Yes  No
7. *Our Unanimous Shareholders Agreement allows for that to happen* Yes  No



# Coordinating Financial/Estate Plans

Your business creates many of your financial and estate planning problems but it may also be the solution with good Financial Planning

## Financial Planning

1. *I have a tax deductible disability insurance plan* Yes  No
2. *My personal life insurance is paid from corporate dollars* Yes  No
3. *I have a tax deferred retirement plan paid for by the company* Yes  No

## Estate Planning

1. *I have completed an estate freeze* Yes  No
2. *I have established a Family Trust* Yes  No
3. *I have reviewed my Family Trust to consider necessary updates* Yes  No
1. *I still have my Personal Capital Gains Deduction* Yes  No
2. *I have used testamentary trusts to reduce income tax in my estate* Yes  No

## CB4 Consulting Inc.

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