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| |  |  |  |  | | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | **Succession Planning for a Smooth Transition**  **Careful planning is a necessity if you are a business owner or top executive nearing retirement. Your exit strategy may require succession planning if you want to influence the composition of the management team before your departure.**  At retirement, a typical business owner will want to collect a reward for all the hard work put into building the business. The right exit strategy hinges on whether you want to sell off the business to an outside entity or to internal managers. If you don’t need to liquidate your ownership stake, you might want to pass it on to your descendants or other family members.  **Plan your future involvement, if any.**At one extreme, you may want to sell the business lock, stock, and barrel to the highest bidder and walk away with a hefty check. At the other extreme, you may wish to retain partial ownership and play some role in the future of the business. In most cases, it’s a good idea to create a succession plan based on your concept of how the business should evolve after you retire.  **Succession planning passes on leadership roles.**It makes sense to do a succession plan when you intend to sell the business to an employee or to a hands-off external buyer. The goal is to help the business continue to run smoothly after you leave. Succession planning is part of an exit strategy that may involve a liquidity event—that is, you want to cash out some or all your shares in the company.  **Evaluating the business.**Your retirement plans may directly depend on the net amount of money you can collect from the sale of the business. Typically, this requires bringing in a dispassionate third-party professional. If the sale proceeds are less than you desire for your retirement, you may want to maintain some company stake to profit from the company’s continued growth. A succession plan helps you sell the business because it shows how to keep the business ongoing whether the buyer(s) come from inside or outside the company.  **Helping the business succeed.**Presumably, you best understand the capabilities of your current management team, which makes your input to the succession plan exceedingly valuable. The plan may include training of key employees and/or the recruitment of additional employees to plug gaps in the company’s collective expertise. Even if you want to sell to another company, a buyer may want to see whether the company can operate with current management personnel after you’re gone.  **Plan how to handle your windfall.**Optimistically, you may walk away from your business with a nice nest egg. Your financial plan should include what to do with money, including the use of retirement accounts and other tax-friendly vehicles. Contact me when you first start thinking about retirement so we can explore the best potential options for maximizing your wealth in your retirement years.   |  |  | | --- | --- | | |  | | --- | | [LET'S CONNECT](mailto:##AdvisorEmail##) | |   Tracking # 1-05122094 Expiration 03/24 | | |
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