



## Family business succession planning strategies

### What happens after the death of a business owner?

Death and taxes are inevitable, so it should not be a surprise. The passing of a business owner is a defining moment for both a family and the associated business. Proper planning can position and prepare the families and organization, for the inevitable: the death of a Business Owner.

In the United States, planning related to the death of a Business Owner often focuses on navigating the complicated issues associated with the transfer of ownership. In addition to vitally important tax planning, the family, business, and stakeholders should look beyond solving for the immediate burdens and address additional contemplated consequences of the Business Owners death.

Issues to consider include the other financial implications of a Business Owners death, potential challenges and considerations associated with the maintenance and transition of the business, the need for a clear articulation of the strategy and future leadership, and potential monetization and resulting impact on the family. In the absence of addressing these other considerations, effective tax planning results may upend other equally important outcomes—and that is when surprises happen.

#### How businesses and families with advisers can prepare for the inevitable

Preparedness exercises seek to put the business, the stakeholders, and most importantly, the family, in a significantly better position to address the implications of the death of a Business Owner. The exercises identify gaps in knowledge, documentation, leadership and other areas that are best addressed while the Business Owner is alive, as well as mapping out the key steps to be addressed following the death of the Business Owner.

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“In this world nothing can be said to be certain, except death and taxes.”

Benjamin Franklin, 1789

Since no two businesses are alike, the exercises are tailored to the business and families specific circumstances. They should touch upon relevant items relating to the Business Owner, including:

- A 90-day drill to identify necessary financial, accounting, legal, regulatory, and administrative action items to address immediately following the Business Owner's death.
- Business considerations including identification of talent, leadership, vision, all while supporting and defining the strategy.
- Financial implications of the death, including potential expenses, liabilities, and taxes, as well as identifying sources of liquidity to pay for them at both the family and business.
- A sale of the business or change in ownership.
- Developing a transition plan for the family and business, often accompanied by a Business Transition and Transformation Lab, which help address changes that inevitably come about in the wake of a Business Owner's death.

### Why Deloitte?

#### It's business, and it's personal.

Deloitte has discreetly served high net worth individuals, families, and their enterprises for more than 100 years. As a trusted adviser to many of the world's most affluent families, family offices, and private trust companies, we offer significant experience and integrated service capabilities. You gain access to our global network of professionals and a world-class level of knowledge and experience tailored to the unique and personal circumstances of your family office and the family it serves.

#### One step at a time.

While talking about death can be an uncomfortable and sensitive topic, having these conversations is imperative. Our deep experience in family dynamics, risk, and regulation in a wide range of environments equips us to discern the nuances of your situation and recommend actions that align with your business mission, goals, and culture.

#### Resources at the ready.

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