INDEPENDENT
THINKING
A NEW FIDUCIARY PERSPECTIVE

EVERCORE
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Fourth Edition

TRANSACTION PLANNING: DON'T LEAVE MONEY ON THE TABLE

Include a Wealth Advisor on the Team

A successful business transaction usually starts with a great advisory team, including investment bankers, attorneys, and accountants. A super-successful business transaction often includes a strategic wealth advisor on that team.

Why? Because it's the wealth advisor's job to ensure that wealth planning is a prominent factor in this possibly once-in-a-lifetime opportunity by working with a business owner's other advisors to preserve profits, minimize income, gift, estate, and generation-skipping transfer taxes, accomplish charitable goals, and protect assets. By combining tax, estate planning, and business succession strategies – and the earlier the better – the integrated team can help the seller maximize potential personal gain.

A strategic wealth advisor can address the business owner's financial goals and constraints ahead of the deal, and can help prepare the family for the wealth after the transaction. The right advisor should have qualifications and experience in tax, estate, and asset planning – along with sensitivity and flexibility – to best guide the family both during and after the transaction. The ability to serve as a fiduciary – including a legal requirement to act in the business owner's best interests – is an added bonus. The wealth advisor can further assist in creating a process for healthy family governance that establishes clear roles, responsibilities, and expectations within a family, prevents misunderstandings, and promotes communication and cooperation among family members.

It isn't easy. The sheer number of potential planning strategies at the outset can be overwhelming, especially for business owners still actively running a business while managing the sale. For example, options could include intentionally defective grantor trusts, grantor retained annuity trusts, completed gift non-grantor trusts, incomplete gift non-grantor trusts, spousal lifetime access trusts, asset protection trusts, charitable trusts, family limited partnerships, family limited liability companies, qualified opportunity zone investments, qualified small business stock stacking, installment sales, discounting, recapitalization, estate freezes – it's enough to make almost anyone's head spin. But it's important to avoid planning paralysis. These decisions can have significant long-term repercussions for the business owner and the family.

Selling a business is a challenging, and often exhausting, transition. But it's important to make time, as early as possible, to ensure that a strategic wealth plan is structured to maximize the potential advantages of the transaction. After all, this life event is often the result of many years of hard work and sacrifice. Consider adding a Wealth & Fiduciary at Evercore Wealth Management and Evercore Trust Company, N.A., to the advisory team to help make sure that a business owner doesn't leave money on the table.

A Case in Point: Earning a Seat on the Transaction Team

Consider the recent experience of a California-based couple, who were able to successfully close the sale of their private technology business in a tax-efficient manner while creating a lasting legacy for their family and charity.

With the help of an Evercore Wealth & Fiduciary Advisor working directly with the couple's investment banker, attorney, and accountant, the couple funded Delaware non-grantor trusts for each of their three children with qualified small business stock, contributed $10 million to a charitable remainder trust, and donated $5 million to a donor advised fund. This allowed the couple to successfully eliminate $45 million of the sale proceeds from being subject to federal income taxes, avoid $35 million from being subject to state income taxes, defer an additional $10 million from both federal and state income taxes, generate a $6 million charitable income tax deduction, and create a legacy for their family that provides both asset protection and the ability for assets to grow free of gift, estate, and generation-skipping transfer taxes in perpetuity.

The Wealth & Fiduciary Advisor also helped facilitate the couple's first family council meeting, in which their adult children had an opportunity to learn more about the various planning structures and how the substantial proceeds from the sale of the company would be used to support the family's values and future legacy.

Did you know?

- Evercore Wealth Management and Evercore Trust Company, N.A., both subsidiaries of Evercore (NYSE:EVR), serve business owners and their families across the globe with pre- and post-transaction planning, strategic wealth planning, investment management, and personal trust and fiduciary services.

- Wealth & Fiduciary Advisors at Evercore Wealth Management and Evercore Trust Company, N.A., are team players who work closely and collaboratively with clients' other trusted advisors to develop and implement customized and comprehensive wealth plans.

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Contacts and Disclosures

Wealth & Fiduciary Advisors at Evercore Wealth Management and Evercore Trust Company, N.A., can work with business owners and their other trusted advisors to protect wealth, establish a legacy, and help transfer a family's values, as well as assets, to future generations. To learn more about how we can help business owners, please visit us at evercorewealthandtrust.com or contact any of our Wealth & Fiduciary Advisors.

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