

# PERSONAL WEALTH AND ESTATE PLANNING

*A Component of*

## The Seven Step Exit Planning Process™

The Seven Step Exit Planning Process™ is comprehensive enough to address all of the key elements required to create a successful Exit Plan, and flexible enough to work with each business owner's planning style. Although some business owners prefer to develop their Exit Plan as part of one multi-faceted process, others prefer to work through the Exit Planning process in stages.



For those who want a staged approach, the owner and his or her advisors can prioritize the elements of the Exit Plan and complete each component sequentially, rather than all at once. In these situations the owner and advisors identify each Component of the Exit Plan to be addressed and create a schedule for addressing and completing that Component before moving on to the next.

**For owners who are focused on Personal Wealth and Estate Planning, the Exit Planning Process can be modified as follows:**

### STEP 1

#### IDENTIFY OWNER OBJECTIVES

The most common objectives for business owners working on this Component of their planning are related to family income, personal assets and family harmony. Typical owners want to maintain or replace the income stream they derive from the business even after they are no longer in an ownership position. Protecting personal assets from liabilities of the business can also be critical to wealth preservation. Finally, managing transfers of assets during life and at death, as well as managing expectations of family members, are frequent objectives given by owners.

### STEP 2

#### IDENTIFY BUSINESS AND PERSONAL FINANCIAL RESOURCES

In this Component, current values of both business and non-business assets, as well as projections of future values, are critical to planning. Valuation techniques, and possibly value discounting, provide the parameters within which planning can occur. Estimates of future values, estate tax liabilities and income streams generated by business and non-business assets frame expectations and strategies in this Component.

## PERSONAL WEALTH AND ESTATE PLANNING

Business owners represent a somewhat unique situation in personal wealth and estate planning. Their businesses typically represent a significant portion of both their personal net worth and their annual income. Owners with children active in their businesses add yet another layer of complexity to their planning. Protecting personal assets, managing wealth both now and in the future and promoting harmony in the family are all addressed in this Component to create a well-balanced plan that addresses these interlocking issues.

### POSSIBLE COMPONENT RECOMMENDATIONS:

- Existing and Recommended Estate Planning Documents
- Personal Asset Protection Planning
- Personal and Family Insurance
- Transfers of Specific Non-Business Assets
- Personal Wealth Management Plan
- Allocation of Business Cash Flow After Death
- Bequests to Key Employees Upon Owner's Death
- Transfer of Business Real Estate Upon Death

### IMPLEMENTATION AND FOLLOW THROUGH

The business owner and his or her advisors work together to design and finalize the Recommendations that will drive the owner toward reaching his or her objectives. Once Recommendation details and decisions are complete, an organized and systematic implementation of each Recommendation follows. Finally, they focus their attention on the next Component that will fit into the owner's comprehensive Exit Plan.

Business owners who can benefit from this Component typically say to themselves...

*"My business and personal assets are so closely intertwined that I can't plan for one without also planning for the other in the event of my death."*

*"I want to balance my estate among my children — those involved in the business and those who are not — in a way that is fair."*

*"I want to protect my heirs from the effects of estate taxes, but I don't know how to do that."*

