The Well-Planned Business Owner
A diagnostic checklist

Family business owners face unique challenges in managing wealth and preserving legacies for future generations. Wilmington Trust provides strategic advice on all aspects of wealth, personal, and business planning, implementing the right mix of services to meet your complex needs.

What is the definition of a “well-planned” business owner? One who understands the importance of organizing and streamlining his or her business, personal, and legacy planning goals into a cohesive strategy designed to meet those goals in an optimal manner. This type of business owner thinks of such things in three phases: the Business Capital phase, when the business is building and growing; the Personal Capital phase, when it’s time to plan for capital assets outside the business; and the Legacy Capital phase, where managing and transferring wealth are the primary concerns.

Thinking in these terms and planning for each phase can go a long way in helping a business owner successfully prepare for the transitions ahead.

Phase One: Business Capital
Building and growing your business

- Business plan in place
- Access to and management of working capital—commercial banking services and cash management
- Proper insurance coverage (property & casualty, specialty, captive insurance, etc.)
- Good business entity “hygiene” — up-to-date governing documents, proper and separate accounting books and records, etc.
- Appropriate employee benefit planning — retirement plans, deferred compensation, stock-options, etc.
- Process/rigor for regular valuations — knowing the “number” for any possible sale
- Independent and expert governing body in place (board of directors/advisors)
- Recapitalization considered (debt dividend, minority equity, etc.)
- Succession planning in case of death, disability, divorce, departure:
  - Family members
  - Partners/shareholders
  - Third party/strategic buyer
  - Private equity
- Pre-sale planning team and strategy in place

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Phase Two: Personal Capital
Planning for capital assets outside the business

- Access to capital markets advice
- Appropriate risk-adjusted investment of liquid assets for short- and long-term goals
- Risk management
  - Personal health, life, disability, long-term care insurance
  - Diversification of assets (also considering business assets in asset portfolio)
  - Asset protection planning
- Retirement sustainability planning
- Access to private banking* for liquidity concerns outside of the business

Phase Three: Legacy Capital
Managing and transferring personal wealth

- Access to inheritance/estate tax planning (mitigation, liquidity)
- General estate plan in place (wills, trusts, powers of attorney, healthcare directives)
  - Appointment of fiduciaries (individual and/or corporate)
  - Distribution to beneficiaries (time, manner, extent; equalization among beneficiaries)
- Advanced gifting and estate tax minimization plans considered/in place:
  - Annual gifting, lifetime gifts, education/medical
  - Dynasty trusts
  - Estate freezing techniques (GRAT, QPRT, etc.)
  - Charitable vehicles (CRAT, CLAT, Private Foundation, etc.)
- Plan in place around family governance
- Family office services considered

Wilmington Trust can help you at each critical phase of your business, planning for key transitions well before they occur.

*Private Banking is the marketing name for an offering of M&T Bank deposit and loan products and services.

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