

Pre- and Post-Transaction Planning Checklist

Proactive pre-and post-transaction wealth planning can affect your strategy as you consider the sale of your business.

Factors to consider include:

- O Liquidity and cash flow planning
- O Wealth transfer objectives
- O Risk management
- O Investment planning
- O Cybersecurity

Pre-Transaction Considerations

Liquidity and Cash Flow

- O Review structure and timing of the transaction
- O Review consideration received: cash, equity, earn-outs, or a combination
- O Review income implications: ordinary income versus capital gains
- O Consider deferred compensation options
- O Anticipate and plan for significant tax exposure and/or unique tax situations (net investment income tax, gift tax, foreign tax, multi-state income tax, etc.)

Wealth/Liquidity Transfer

- O Valuation Is there an opportunity to maximize wealth transfer pre-transaction?
- O Review current estate plan and asset flows to heirs
- O Establish timeline, amounts, and other considerations in transferring wealth to heirs
- O Determine optimal timing of asset transfers relative to the transaction
- O Balance executives' lifetime needs with wealth transfer goals

Risk Management

- Outline current risk exposures and identify if they are covered by insurance or self-insured
- O Title assets to protect from creditors
- O Conduct review of concentrated wealth hedging and monetization strategies: stock, cash, equity compensation, or business exposure

Investment Planning

- O Review current overall asset allocation and future allocation considerations post-liquidity
- O Test and review concentrated asset class exposures
- O Review income considerations and asset location for tax efficiency
- O Identify capital loss opportunities versus gains received in liquidity event
- O Review current and anticipated portfolio income and taxation characteristics

When selling a business, owners often focus on closing the deal. An additional focus on personal wealth planning opportunities could result in significant savings on income, gifts, and estate taxes.

Personal & Cyber Security Preparation

- O Personal security audit
- O Cybersecurity audit and preliminary precautions
- O Social media and internet monitoring (pre and post transaction)
- O Review steps you can take to minimize philanthropic and monetary attention

Post-Transaction Considerations

Liquidity and Cash Flow

- O Escrow estimated tax payments after factoring in tax strategy
- O Re-create a paycheck with portfolio income vs. income from the business
- O Cash flow planning: income versus expenses
- O Large purchase considerations (new real estate, homes, boats, planes, etc.)
- O Determine current/future role in the company: equity rollover modeling, future income, earn-outs, etc.

Wealth/Liquidity Transfer

- O Protect the legacy you leave your family
- O Review estate planning considerations given new financial picture or future plans
- O Quantify surplus wealth versus lifetime capital needs
- O Charitable considerations post-liquidity event (using lower basis and more efficient assets)
- O Synchronize charitable income tax benefits with the increased tax exposure created by the transaction

Risk Management

- O Fiduciary review
- O Insurance review; retire obsolete or unnecessary policies, cover new exposed risks
- O Personal security review (personal information, cybersecurity, physical security, etc.)
- O Identify the largest risk exposures and how to efficiently transfer that risk

Investment Planning

- O Transaction proceeds deployment, allocation, income generation, and related tax exposure
- Ongoing management and reporting of investments and private investment opportunities
- O Establish aggregated total balance sheet reporting

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