

Business Owner Advisory

Help Business Owners Make Smart Transition Decisions

Whether planned or not, all businesses will eventually go through some type of transition. There are many factors to consider when creating an ownership-transition strategy. The earlier a plan is formulated and, more importantly, implemented, the more beneficial it can be for all stakeholders.

Most business owners do not consider or define their succession plan until they are ready for the actual sale or succession event. However, the ideal time to involve a professional in the development and execution of a succession plan is at least 3 years ahead of the event. When business owners fail to start planning soon enough, they sacrifice potential opportunities to maximize the value of the ultimate succession event.

Most business owners agree that having a transition strategy is important both for their future and the future of the business, yet a majority do not have a plan.¹

Equipped with the proper tools and support, advisors can become a trusted resource to HNW business owner clients by delivering consultative insights and best practices no matter the transition time horizon. Advisors can provide the support these clients need to understand the goals and objectives of the private business owner and help develop plans to protect what they've built in an efficient, accretive and tax-advised manner.

PREPARE BUSINESS OWNERS FOR THEIR FUTURE

City National Rochester's complimentary Business Owner Advisory team is focused on providing strategic, practical, and objective advice to private business owners and their trusted financial advisors on business transitions, including: understanding various monetization options, considering corporate governance, and keeping a business in the family. The team has extensive experience working with businesses and business owners at different stages of readiness for a transition, across a multitude of industries and geographies.

¹Based on a City National Bank survey of its Private Bank clients conducted in April 2020, 86% of business owners agreed that having a transition strategy was important yet 60% didn't have a plan.

We help business owners confront the myriad of questions and issues that arise when planning a business transition, including:

BUSINESS

- What are the options that I should consider?
- Who are the different types of buyers, and what are the considerations in selling to each?
- What steps should I be taking now if I want to sell my business in a few years?
- How do I respond to an unsolicited offer for my business?
- How do I evaluate the economic of a monetization event versus retaining my business
- Who are the key members of a deal team during a transaction?
- How do I prepare for an unexpected business transaction event (e.g., death of a business partner)?

PERSONAL

- Do I want to transfer wealth to my family? If so, how much and when should I make the transfer?
- Does my wealth plan include comprehensive wealth planning for both the business and personal wealth?
- How do I ensure that my family stays in control of my business, if that is my goal?
- What are the potential tax consequences to a transition?
- Are there tax or planning strategies that I should consider prior to engaging in a transaction?
- Are there specific charitable organizations or causes that I would like to financially support?
- Will my liquidity and cash flow allow me to maintain my current lifestyle post-transition?

By drawing on our years of experience, we are prepared to help your clients assess the opportunities open to them and provide guidance in collaboration with you.

UNDERSTANDING YOUR CLIENT'S BUSINESS NEEDS

It is important for your clients to understand their business needs and goals when considering areas like financial planning, asset protection, business continuity and business succession. Expressing interest and starting a dialogue can help create an avenue for the financial advisor to provide guidance and deepen relationships. Business owners are often focused on running the day-to-day aspects of their business and can benefit from an advisor taking a higher level approach that considers both their business and personal wealth.

Having a plan puts business owners in control of how the transition will transpire. Not having one could mean an end result that doesn't align with their intentions.

Business owners must be equally focused on the growth of their business as well as its eventual succession. Unfortunately, many business owners put off long-term decisions regarding succession planning. Your clients who have a plan are in control of how their transition will transpire. While those who don't have a plan could have an end result that doesn't align with their intentions.

While we strongly encourage all business owners to begin creating a transition plan early that considers different strategic alternatives, we are ready to work with you and your clients wherever they are along the business life cycle. We have experience guiding business owners through the different phases of the life cycle and can share best practices, insights and knowledge along the way. By encouraging your clients to start early, they have time to identify and make improvements to the business that can help drive its value higher. Business owners can make decisions and put plans in place that can help minimize business instability or family disharmony in the event of an unexpected disruption. In addition, early planning helps to better position your clients and the business should they be presented with an unsolicited offer. Your client's exit plan should be top-of-mind throughout the business lifecycle because it pervades all stages.

A THOUGHTFUL, COMPREHENSIVE APPROACH

For most business owners, their business is their largest asset, making planning critical. When transitions do occur, they typically represent liquidity events that fundamentally change the client's financial profile. This event requires a thoughtful approach to ensure the client minimizes tax exposure and protects their assets. City National Rochdale's complimentary service, Comprehensive Wealth Assessment (CWA), offered in partnership with financial advisors, has specific offerings for the unique needs of business owners. Our Comprehensive Wealth Assessment supplements the financial advisor's existing client value proposition to help them attract and retain more HNW business owners. Our approach focuses on evaluating and correlating the objectives and needs of your client's business and personal wealth, delivering an assessment that identifies gaps and opportunities across their entire financial well-being.

Financial advisors are active participants in this process and benefit from the opportunity to deepen current client relationships and to cultivate relationships with prospective clients. Upon completion of the assessment, financial advisors are also well positioned to work with clients (and their attorneys and accountants as appropriate) as a trusted advisor throughout the implementation process, and to continue advising clients as life and wealth events occur well into the future.

In collaboration with you, we help empower your clients to make informed decisions that will enable the successful transition of their business and optimize their wealth throughout their lifetime.

HOW TO GET STARTED

Our rich heritage of working with business owners and entrepreneurs alongside their trusted financial advisor and other professionals allows us to provide a full complement of resources and professional insights. Look at your book of business and identify HNW clients who are also business owners. Consider what they currently have in place for their personal wealth and business wealth (if known). By guiding clients throughout the wealth assessment process and engaging them about their succession plans, you will be creating high-value client experiences that in turn strengthen your most important relationships. If you are interested in learning more about our Business Owner Advisory or Comprehensive Wealth Assessment service, reach out to your Senior Investment Consultant (SIC) to understand how City National Rochdale can help.

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