

# Why Succession Planning Matters

Continue growing your business while confidently planning your exit.

As a business owner, you focus on the practical aspects of running your business. But without a long-term plan, you may be leaving money on the table. Proper planning to exit your business is just as important as the planning required to start it.



of business owners agree that having a transition strategy is important both for their future and the future of their business, **but 60% don't have a plan.**<sup>1</sup>



## Strengthen

your business and maximize its value



## Ensure

that books are maintained to prevent surprises during a buyer's due diligence



## Create

a personal wealth plan –especially if your wealth is tied up in your business



## Achieve

seamless succession, just the way you envision it



## Start by Examining Where You Are

- Is the majority of your wealth in your business?
- Will the income from the sale's proceeds replace your current business income?
- Are you optimizing your business value to increase the future sale proceeds?
- Have you planned and budgeted for the future to assess your post business income needs?
- After taxes, will you still have enough to live comfortably?
- Have you assessed the tax implications of various transition scenarios?
- Have you shared your plans and goals with your family?

The choices you make now correlate to and impact the future of your business.

### PLAN FOR A FINANCIALLY SECURE FUTURE

- While you grow your business, plan on how the business will secure your retirement.
- If family succession or third party management is part of your exit plan, instill the necessary leadership in your successors to carry on your legacy.
- Create a written plan to transfer your knowledge and experience.
- If selling to a third party, learn how to increase the value of your business by creating a foundation where it can continue to thrive after you have moved on.
- Various wealth planning vehicles may mitigate or eliminate the consequences of taxes when the business changes hands.
- Various estate planning vehicles may mitigate or eliminate estate and gift taxation on death.

### KNOW THE ELEMENTS OF A SUCCESSFUL EXIT

- Envision your next steps.
- Create a structured exit strategy.
- Ensure proper retirement and estate planning.
- Coordinate with your banking and tax advisory team.
- Optimize business growth and value.

### CREATE AN ACTIONABLE ROAD MAP

- Create the future you desire by designing a written road map with action steps.
- Align implementation steps with your exit plan.

To learn more about how City National Rochdale (CNR) can help you define, meet and optimize your business and wealth goals, reach out to your financial advisor and CNR Senior Investment Consultant (SIC) or Portfolio Manager (PM)

<sup>1</sup>Based on a City National Bank survey of its Private Bank clients conducted in April 2020.

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