



This issue brought to you by:

Daniel O'Brien

dobrien@orrpc.com

O'Brien, Riley & Ryan, P.C.

30 Braintree Hill Office Park

Suite 102

Braintree, MA 02184

<http://www.orrpc.com>

[781-410-2300](tel:781-410-2300)



Estate Planning: A Small Slice of a Bigger Pie

Business owners commonly associate Exit Planning with estate planning, and they aren't too far off. Good Exit Plans and estate plans both aim to assure that the owner's family is provided for after the owner is gone. Both an Exit Plan and an estate plan might address a transfer of ownership to an intended recipient following the death of the business owner.

But one thing that owners may overlook when committing to estate planning is the notion of *transferable value*. While transferring ownership can be relatively straightforward, creating transferable value so that an ownership interest carries the benefits the owner hopes for can be a greater challenge. Transferable value is the value a company has without its owner, and it's incredibly important to consider when we are looking at what ownership is expected to provide once it's transferred through an Exit Plan or estate plan.

It's this aspect that makes estate planning a small but significant slice of a larger planning pie.

Estate plans focus on transferring assets upon an owner's death. They typically assume that the owner will live past his or her expected exit date and thus have the opportunity to transfer all assets as planned. But what happens when an owner dies prematurely? What happens when the business—which is most likely the most valuable asset to be transferred—relies so heavily on the owner's presence that its value plummets when the

owner dies? How can you help your family receive real value rather than just ownership rights?

That's where Exit Planning picks up the slack, because Exit Planning focuses on three key elements that estate plans often overlook.

1. **Transferable Value:** Exit Plans include action items to help ensure that the business runs smoothly whether the owner lives, dies, or becomes incapacitated.
2. **Financial Security:** Exit Plans implement strategies to give owners the best shot at financial security regardless of the unexpected.
3. **Choice of Successor:** The Exit Planning process encourages owners to choose a successor long before the business needs that successor.

Estate plans may presume survival and integrity of business value, whereas Exit Plans anticipate the unexpected. When the unexpected occurs, businesses with strong transferable value (i.e., those businesses that don't rely entirely on the owner's presence) usually position themselves to deliver greater value to the owner's family. Businesses without transferable value tend to die along with their owners, which can cause much-needed financial security for the owner's family to evaporate. For owners who derive most of their wealth from their businesses, the Exit Plan's emphasis on transferable value can be a critical component of a successful estate plan.

If you'd like help incorporating your estate plan into the larger pie of Exit Planning, contact us today. We have experience in helping owners establish the processes they need to give themselves and their families an opportunity at financial security, regardless of the circumstances.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial advisor. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial advisor. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs
Our new address is:
30 Braintree Hill Office Park
Suite 102
Braintree, MA 02184

Phone 781-410-2300
Fax 781-320-8608

IRS CIRCULAR 230 NOTICE

In compliance with IRS requirements, we inform you that any tax advice contained in this communication is not intended with or written to be used, and cannot be used, for the purpose of avoiding tax penalties or in connection with marketing or promotional materials

[Forward to Friend](#)

Copyright © 2017 Business Enterprise Institute, Inc., All rights reserved.

[subscribe to this list](#) [unsubscribe from this list](#) [update subscription preferences](#)