



**LEGACY**  
**PROTECTION**  
**LAWYERS, LLP**

## Is a Family Transfer Right for Your Business?

When planning for the future, you have a wealth of options related to who should continue to run your business. Many business owners' plans fall short because they are unaware of the many options they have available to them and the pros and cons of each path.

One common exit path is a family business transfer. This allows you to keep the business in the family and still have an attachment to the business. You may not get as much money for this type of transfer and it could take longer to complete, but there may be real benefits as well.

### Benefits of a Family Business Transfer

There are many benefits that come along with transferring the ownership of your business to your children or someone else in your family.

**Financial Security:** If you properly structure the business transfer, you may be able to receive the amount of income you need and want by the end of the transition process. Further, you can design the transfer so that you retain control of your business during the transfer period and until you receive all of the money you want. You might achieve this benefit through ongoing involvement with the company, participation in profits as an owner, and/or sale of ownership.

**Time:** If you are not ready to leave the business today, you can structure the transfer to the next generation to take 5–10 years, depending on your goals and objectives. You can create a custom transition that addresses the abilities of the successor owners and the readiness of the business.

The timeline for this path gives you time to slow down, develop new interests, and prepare yourself and your business for life after the transfer. It also gives you time to collect income from salary, perks, and distributions while maintaining control.



**William Battle McQueen, CPA, JD, LLM,  
CExP**

[Bill@LegacyProtectionLawyers.com](mailto:Bill@LegacyProtectionLawyers.com)

**Legacy Protection Lawyers**  
<http://LegacyProtectionLawyers.com>

100 - 2nd Avenue South  
Suite 900

St. Petersburg, FL 33701

(727) 471-5868

**Taxes:** Using a strategy customized to family transfers, you may be able to minimize certain taxes. You might create a balance among income tax, capital gains tax, and gift and estate tax that fully leverages multiple tax planning techniques. You may be able to achieve a better outcome with a thoughtful combination of planning strategies.

**Values-Based Goals:** Owners often choose to transfer their businesses to children because, if done correctly, it achieves so many of their values-based goals. From the role of the business in the community to taking care of future generations, family business transfers can help to achieve these types of goals in ways that a traditional sale might not.

## Challenges of a Family Business Transfer

Although there are some obvious perks to keeping the business in the family, there can be some challenges you need to be aware of before you make your decision.

**Financial Security:** Basing a business transfer on your family ties, especially ties to someone who can't or won't run the business properly, is a huge threat to your financial security and the very existence of your business.

**Time:** If you want to leave your business within a year, remember that getting paid full value for the company from children generally takes several more years than a sale to a third party or Employee Stock Ownership Plan (ESOP).

**Taxes:** Without careful tax planning, you could pay far more in taxes than necessary when transferring ownership to your family.

**Values-Based Goals:** Sometimes family transfers run amok if your goals are not in line with those of your family.

None of these challenges are insurmountable unless you fail to recognize the existence and significance of each and create a written and comprehensive road map to address them.

*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 professional. 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 professional. 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.*