CAPTRUST



Ask the Experts: How Can I Prepare My Children to Inherit My Business?

Q: I run a family business that my children will inherit. How can I make sure they are financially prepared for this transition?

Succession planning is an important part of running any business, especially a family enterprise. Less than one-third of family businesses survive into a second generation, and only about one in 10 continue through a third generation. Success often depends on how well the business and family have prepared.

As part of the succession planning process, you may want to consider centralizing your finances so your family can access all your financial information in one place.

One way to do this is to establish a family office, which is a formal business entity created to manage your familyâ??s wealth. Another, more informal, approach is to work with a team of advisors who provide family office services. Typically, this team is led by a financial advisor and includes tax professionals, estate planning attorneys, banking professionals, and others.

Family office services can include multigenerational wealth and estate planning, coordinated tax planning and compliance, insurance and investment advisory, family governance, consolidated reporting, bill-paying solutions, and more. Depending on your needs and goals, your team will provide a unique mix of these services that adjusts as your family and business evolve.

Regardless of which approach you choose, look for a firm with specialized expertise. A successful leadership transition will require careful planning, reliable governance, next-generation leadership education, and effective operational structures. With those pieces in place, your family can feel confident and prepared to continue your legacy.

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948, or schedule an appointment with a retirement counselor today.

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