

A pre-liquidity founder's plan helped create a successful exit

“So much time and effort is spent growing the business and preparing for a liquidity event at the business level that the founder's personal planning often takes a back seat. This is unfortunate.”

We can help ensure you have the strategy you need to exit successfully.



The situation

- Our client, an industry pioneer in his 40s with a young family, founded and sold his successful B2B digital media company
- He was 12 – 16 months away from exiting his current company, which was growing fast

The goals

- Transfer a significant portion of the company shares to a family legacy trust for his children
- Benefit from any tax-mitigation opportunities
- Generate \$1 million in pre-tax income from his post-sale after-tax proceeds

The approach

We designed a pre-liquidity founder's plan to help our client achieve his three goals:

- Worked with our Senior Wealth Strategies to simulate “what if” liquidity scenarios
- Delivered our client's Personal Outcome Statement that assessed the likelihood of his achieving his family's three goals through early planning
- Discussed the pros and cons of the different strategies we presented to help make informed decisions
- Facilitated our client's choice to transfer to the family trust a significant portion of his founders shares at a large discount to what he believed the ultimate sale valuation would be
- Recommended the Qualified Small Business Stock (QSBS) planning strategy that helped protect his shares from capital gains taxes
- Presented an investment portfolio designed to achieve his \$1 million pretax income goal

The results

- The pre-liquidity plan gave our client confidence that he was on track to meet his goals
- He was then able to focus 100% on maximizing his company's EBITDA targets
- Discussed the pros and cons of the different strategies we presented to help make informed decisions
- He sold to a private equity firm for \$100 million+ at a favorable valuation
- He achieved a significant tax savings and created his family's legacy trust

Important disclosures

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