

# Selling Your Business? Fifth Third Can Help

Selling your business to a family member is a balancing act. How do you serve your financial interests while simultaneously putting the next generation—and the business itself—in the best position to succeed?

Making the right moves requires a team of advisors that can work together to map out a comprehensive plan. You will find this kind of team under one roof at Fifth Third Bank.

“Our ‘One Bank’ approach brings together the critical expertise you need to devise and execute a winning strategy for selling to a family member,” says Chad Slaughter, managing director of Fifth Third Private Bank for the Indiana Region. “Together with your CPA and attorney, we can devise a strategy that is right for you and your unique situation.”



Chad Slaughter

Fifth Third's private banking, commercial banking and capital markets teams work together in a way that's rare at other banks and all but impossible when clients turn to separate institutions for advice.

Slaughter and his team at Fifth Third Private Bank in Indianapolis recommend the following steps for executing a successful sale within the family:

♦ **First, have a true assessment of your company's market value prepared that includes the strengths and weaknesses of the company.**

Slaughter advises putting emotion aside. “Seeking professional advice on the valuation of your company will provide a solid foundation for your personal financial planning,” he said. Fifth Third's Capital Markets Team will work with you to determine what your company may be worth in the marketplace given the state of your industry and the current economic environment. Once you have a realistic assessment of the value of your company, Fifth Third's other teams will work with you to map out a plan to achieve your personal and business goals.

♦ **Create a succession plan that exposes family members to the business and involves them in decision-making.**

“You have a vested interest, both emotionally and financially, in seeing that the

**“The business owner who plans with an effective team can come out millions of dollars ahead of the business owner who doesn't.”**

business succeeds after you step away,” he says. That starts with having a succession plan in place at least a year before the sale.

You need to know if the family member who is buying the business will be immediately up to the task of running it or whether they'll have to lean heavily on management, at least initially. Unlike selling to an outsider, when selling to a family member there is a good chance that that you are going to get paid a significant portion of the sales proceeds over time. So, the ongoing success of the business is critical to being compensated fairly and reaching your personal financial goals.

♦ **Work with a team of experienced and trusted advisors to balance the needs of your family and business. They'll help you implement tax-saving strategies in advance of the sale.**

This is where Fifth Third Private Bank's team, led by highly credentialed Wealth Management Advisors, and their team of specialists, including senior wealth planners, private bankers, trust officers, portfolio managers and insurance specialists, work together to help you sort through the layers of decisions that come along with transferring your business within the family. By utilizing their expertise, along with their digital planning tool, Life 360, they will illustrate scenarios to help you make informed decisions.

“The business owner who plans with an effective team can come out millions of dollars ahead of the business owner who doesn't,” Slaughter says. That starts with identifying your short-term and long-term goals. “By quantifying what needs you have in the near term, we can help determine how much liquidity is needed initially from the sale as opposed to deferring over time,” says Slaughter.

Every family has different priorities—whether it's buying a second home, extensive travel and/or funding the education of a child or grandchild. “We can help you devise a plan to achieve those goals without putting undue pressure on the company's working capital,” Slaughter says.

By devising a strategy well in advance of the event, you can also reduce the impact of income taxes resulting from the sale. Decisions such as your state of residency can have big tax implications. Fifth Third advisors can help you run the traps on residency decisions and review other tax-mitigating strategies, such as charitable donations and/or investing in the new Opportunity Zone Funds created by the federal government as part of the 2017 tax reform law.

Other decisions that can have a big impact on your overall wealth include whether to convert your 401k plan or traditional IRA to a Roth or whether it makes sense to use a portion of your \$11.4 million lifetime gift tax exemption immediately. Through advanced estate planning vehicles, your use of the exemption can have a serious impact on the wealth passed to the next generation. Slaughter mentions that his team recently devised a strategy that had a nearly \$50 million positive impact to the client's wealth over time.

Another consideration when selling to the next generation is how to treat all your children equitably, even those who don't want to be involved in the family business. Fifth Third advisors can offer ideas, based on your unique circumstances, for compensating siblings who've made it clear their interests lie elsewhere.

♦ **Review the plan annually and adjust as needed to stay on track and increase the likelihood of success.**

Holistic planning means working not just across specialties but across timelines, making sure the strategy you and your advisors agree on is working—months and years after the sale.

Selling your business within the family can be like working a puzzle, Slaughter says. By avoiding the work silos that often come along with hiring advisors piecemeal, Fifth Third's One Bank approach can help you see the big picture.

“Our people can put the puzzle pieces together for you.”

Fifth Third does not provide tax, accounting or legal advice. Please contact your tax advisor, accountant or attorney for advice pertinent to your personal situation.

Fifth Third Private Bank is a division of Fifth Third Bank offering banking, investment and insurance products and services. Fifth Third Bancorp provides access to investments and investment services through various subsidiaries, including Fifth Third Securities. Fifth Third Securities is the trade name used by Fifth Third Securities, Inc., member FINRA/SIPC, a registered broker-dealer and registered investment advisor providing brokerage and investment advisory services. Investments and Investment Services:

Are Not FDIC Insured | Offer No Bank Guarantee | May Lose Value | Are Not Insured by any Federal Government Agency | Are Not a Deposit

Insurance products made available through Fifth Third Insurance Agency, Inc. Deposit and credit products provided by Fifth Third Bank. Member FDIC. Equal Housing Lender.