



# Business Exit Planning Strategies

## Planning ahead with confidence

You've sacrificed a lot over the years to build your business into what it is today. And planning for the right time to transition out of your business can be a tough decision to make.

Every business is unique and it's important that you consider a range of possible outcomes to ensure your company's financial future is secure and your own personal and financial goals will be met. Whether you're a family-run business, a sole proprietor or a member of a professional team, a defined exit strategy will help you prepare for a successful transition when the time is right.

We encourage you to consider some of the steps and key challenges you may encounter to help be prepared.



### Preparing your transition — 5 steps

- 1 Determine your personal and professional long-term goals and objectives**
- 2 Determine your financial requirements and approaches for achieving them**
- 3 Identify and develop your management team**
- 4 Determine who will own your business and how to transfer your interest in the business to the "new" owner**
- 5 Minimize transfer taxes and prepare your estate plan**

### Some of the key challenges you may encounter when you are ready to sell your business include:

- Maintaining a lifestyle and becoming financially secure without business income
- Identifying the best potential buyers with the necessary resources
- Understanding the terms of the transaction including when and how you will get paid
- Minimizing the risks associated with the terms of your arrangement
- Minimizing estate and/or income taxes

## Transitioning approaches — your choice for new ownership

Understanding your transitioning strategy options and properly structuring the transaction can produce significant value upon the disposition of your business. When you plan to transition your business, you have several options, including:

- 1 Transferring to a family member by sale or gift
- 2 Selling to a current employee
- 3 Selling to a third-party
- 4 Selling to a co-owner
- 5 Liquidating
- 6 Fragmenting the business into smaller businesses

There are other options you should be aware of, such as:

- Minority sales and recapitalizations
- Variations that can allow for retention of partial ownership or management control
- Initial Public Offerings (IPOs)
- Employee Stock Ownership Plans (ESOPs)

The best approach to take varies based on your individual circumstances, preferences and goals – but remember, you don't have to go it alone. Assemble a team of advisors who can help you navigate all aspects of the planning process.

**Contact your Guardian Financial Professional for guidance on how to prepare for a smooth transition when the time is right.**

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