



PARAMOUNT
WEALTH MANAGEMENT

THE BUSINESS OWNER'S WEALTH MANAGEMENT CHECKLIST



Running a business is hard work but managing the wealth you create doesn't have to be.

As a business owner, you face more complex financial situations than most. Coordinating everything from income and taxation to protection and succession is a daunting task, especially while being responsible for maintaining and growing a business.

Having the proper team in place to provide necessary information can help with making informed decisions. If looking to take your business to the next level, it is a must to understand the strategy needed to successfully get you there. If looking to sell your business, whether to fund your retirement or invest in a new venture, having the necessary structures in place for the transition is critical.

Below is a checklist of key considerations for business owners. To learn more about these important components, reach out for a personalized approach for your specific needs.



CHECKLIST FOR NEW AND GROWING BUSINESSES

✓ Cash Management and Lending Solutions

It takes capital to establish and grow a business. Traditional corporate loans, mortgages, security-based lines of credit, and structured lending all have their advantages. Making sure you are aware of all options will allow you to make the best decision for your business.

There are a variety of reasons for maintaining a cash balance – paying estimated taxes, a choice to operate conservatively, plans for a major expenditure, saving for year-end bonuses or retirement plan contributions, etc. The list goes on. Balancing the tradeoffs with different saving solutions can add value to your cash management.

✓ Competitive Employee Compensation & Retirement

Structuring compensation and employee benefit packages can help you attract and retain employees. Do you have a qualified retirement plan in place for your employees? There are a number of retirement programs that provide tax advantages to both your employees and you as their employer. Review the retirement plans you have in place. It may be time to assess if they're best suited for your business.

It is imperative to know where your fiduciary capacity lies with the type of qualified retirement plan you offer. A complete understanding could help reduce risk exposure.



Do you have non-qualified deferred compensation (NQDC) plans in place? An NQDC plan is an arrangement between an employer and employee whereby the employer agrees to pay the employee sometime in the future for work that is performed now. This helps the employee defer income tax on their earnings.

Have you created a compensation structure that will attract and retain a great team? What is the competition paying? What is the industry's typical retirement benefits? Do you have regular meetings with your employees, mapping out how they can advance their career? This should be established for each position in your company. After all, a great team plays a vital role in the success of a business.

✓ **COMPREHENSIVE FINANCIAL PLANNING**

It is important to take care of the owner's personal needs and concerns throughout the course of the business's life. Hence, building out a comprehensive financial plan that incorporates the business can simplify the owner's financial situation as well as reduce risk from over-dependency on the business.

A financial plan is a living document, able to be altered as one goes through life's transitions, which is why clarification of goals and aspirations are so important.

It is important to have all areas of the financial picture coordinated as changes in one area typically affect another. The areas include investments, taxation, estate, charitable, family planning and risk structures.



CHECKLIST FOR NEW AND GROWING BUSINESSES

✓ Understanding Tax Opportunities

When choosing a business structure, it is imperative to understand the ramifications of taxation on both the business and owner as well as where liability falls. If the business structure is geared to partners, understanding the control each partner has is also very important.

As a business owner, and depending on the business structure you've chosen, you have the option to take a salary or a draw. They each have their advantages and disadvantages. It may be worthwhile to have a discussion with your CPA to determine what is best for you.

It is equally important to understand which business and real estate tax deductions are available. As the owner you may have the opportunity to transfer certain personal expenses to the business. A coordinated view of your personal situation can provide clarity on these opportunities without attracting an unwanted audit.



CHECKLIST FOR NEW AND GROWING BUSINESSES



✓ Risk Management

Owning a business comes with its fair share of risks. Luckily, they can be mitigated with careful planning, preparation, education, and the necessary (and legal) insurance policies in place. Areas to look into are:

- **Disability Insurance**, which protects the beneficiary's income should they be unable to perform core functions of their work due to disability;
- **Key Person Insurance**, which is life insurance on the key person in a business; and **Buy-Sell (or Buyout) Agreement**, which is between coowners should one leave the business for any number of reasons.
- **Ownership of Real Estate**, equity in buildings can be exposed to creditors if not properly titled and protected

In addition to the items above, a more established business should also consider:

✓ Estate and Tax Planning Strategy

As a business grows and wealth accumulates it can be vital to review how the death of the owner would impact both the business and their family. Understanding income and estate tax mitigation strategies can be very beneficial. The utilization of various trusts and life insurance may reduce taxation and help eliminate risk from potential creditors.



CHECKLIST FOR NEW AND GROWING BUSINESSES

✓ Smooth Exit Planning Strategy

Exits can be messy and lengthy if a strategy hasn't been put in place to execute the process seamlessly.

Having a succession plan in place allows for future leaders to be identified and developed, ready to take the helm as current leaders retire/leave. If the plan is to transition the business to a family member, there are many ways to structure it based on your needs, such as a partial sale, lending agreement, or as a gift.

Often times children will be more vested in the family business than they would be in the family wealth after a liquidity event. This is one reason generational wealth tends to disappear after the third generation. Every business and family is different but there are transitional conversations that need to be had to help maximize long term value.

It is also important to take care of your key employees, as they are critical to a successful exit. As the owner, if you fail to take certain steps, your key employees can really impede your efforts to move forward smoothly.

Are you looking to sell the business? From valuing the business to preparing financials, there's work to be done.

In today's landscape there are many options when preparing to sell your business including:

- **Sale to a competitor or industry relation**
- **Investment banking opportunities or private equity opportunities**
- **Outright sale**
- **Family offices looking for cash flowing businesses**
- **Designing an employee stock ownership plan**

Deciding to sell your business is probably one of the most difficult decisions you will face. Make sure you have a clear understanding of why you are selling. If selling meets your objectives and desires, it can help reduce any uncertainties throughout all stages of the selling process.



At Paramount Wealth Management, we are committed to helping you live your best life, reach your goals, and leave your legacy. We understand that wealth management isn't just about money or the investments you make.

It is so much more.





It's about planning for what really matters while navigating the transitions of life with fluidity and grace. It is aligning with a strategy to accumulate, distribute, and transfer wealth in a way that puts you, your family, and what you care about at the core.

Paramount Wealth Management acts to structure and manage the three core areas of wealth management:

Enhance: We enhance your plan with key accumulation, distribution, and transfer strategies.

Simplify: We consolidate and organize your finances in a way that makes sense, is easy to track, and leverages the best tools available.

Preserve: We manage risk management, diversification, and succession so you can be confident in your plan designed for wealth preservation and growth.

We personalize portfolios for:

Business owners needing support in asset protection, cash management, insurance, financing, and succession planning,

Executives needing corporate solutions such as share repurchase programs, corporate cash management, executive benefit platforms, and retirement programs, and

Legacy-focused families looking to manage and preserve accumulated wealth.

If you're interested in getting the most out of your wealth, we are here for you.



**Contact us today for a
consultation.**

www.ParamountWealth.com

(517) 787-4444

Gretchen@ParamountWealth.com

**420 South Brown Street,
Jackson, MI 49203**

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