Will the real value of your wealth endure?

Wealth Transition Advisory Services overview

The better the question. The better the answer. The better the world works.

Shape the future with confidence

It's a journey and process

Family businesses cited these common barriers to successful succession:

- 61% do not have a written, formal succession plan.
- 29% say families feel uncomfortable discussing sensitive topics.
- 22% cite a lack of willing/ sufficiently qualified next-generation leaders.
- 21% say the family has not invested enough time into succession planning.[1]

Lessons learned from successful families

- Clearly define who is responsible for succession.
- Develop an ongoing process that consistently reacts to market disruption.
- Build a team to support the family and the family enterprise to execute on the plan.
- Focus on next-generation education as part of the process.

Address the now | Explore the next | Imagine the beyond.

EY Wealth Transition Advisory Services support business owners in navigating successful wealth transitions through a disciplined, process-driven approach. Our framework reflects both family considerations – such as financial security, governance and next-generation dynamics – and business considerations, including control and risk, liquidity and performance, recognizing that each plays a critical role in shaping a well-informed transition strategy.

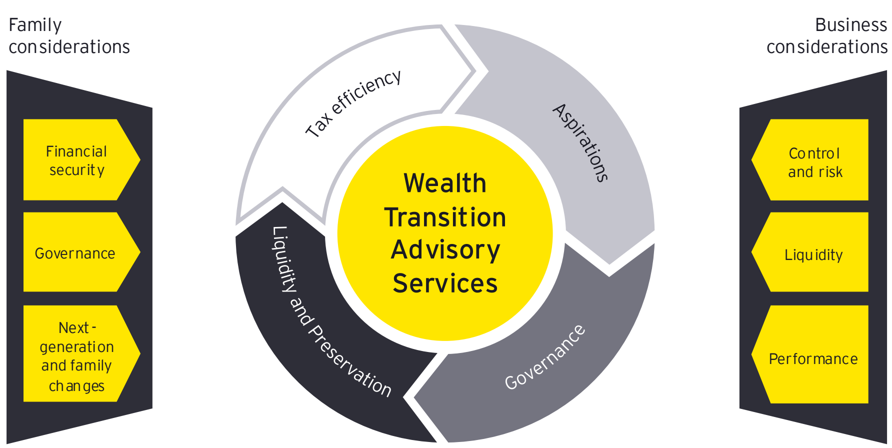
Steps in the journey

Purpose and philosophy – understand the current plan and develop vision, goals and objectives of the owner and family.

Prepare the plan – use an iterative process of design sessions to fully develop the vision, goals and objectives and align those with planning options with the intention of outlining a blueprint for implementation.

Execute the plan – assist with comprehensive structure and entity design, financial modeling, implementation and complete documentation of the plan.

Update the plan – develop a system for monitoring the plan on an ongoing basis that includes both life and business events as well as regular touch points, including transactions that need to be dealt with annually.



More than 75% of upper middle market[2] family-owned businesses will change hands in the next 10 years.[3]

Family-owned businesses face challenges that distinguish them from other entities – challenges that, if not addressed, can reduce wealth, jeopardize family unity or derail the family legacy.

1 The North America Family Business Report 2023 (Campden Wealth in partnership with Brightstar Capital Partners)
2 Defined by Ernst & Young LLP as $100m or more in revenue
3 EY Family Enterprise Business Services (FEBS) Database

Important considerations to guide your journey

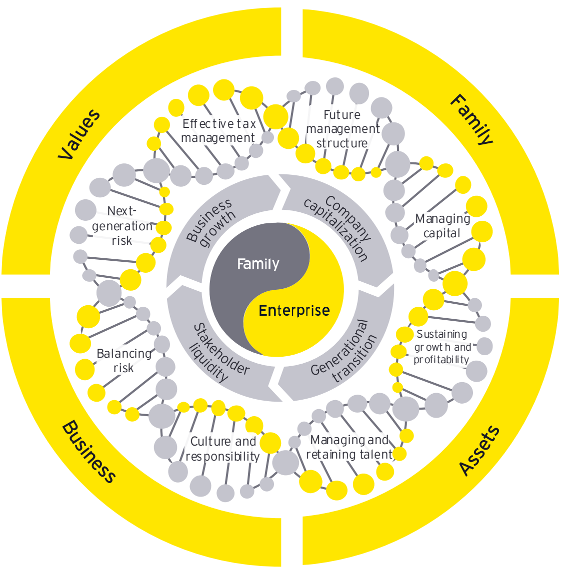
Family considerations	Business considerations
Financial security	**Control and risk**
▪ Assess whether you and your spouse have sufficient assets to support your lifestyle after transferring wealth. ▪ Decide whether wealth will be equally transferred or shared among children or grandchildren. ▪ Review accounts for long-term income, insurance and legacy planning goals.	▪ Clearly define and communicate roles, responsibilities and duties. ▪ Establish a family office to separate business operations from family affairs. ▪ Use external professionals to assess company-wide risks (IT, legal, audit, tax, financial, competitive risks) and regulatory exposure. ▪ Evaluate industry-standard risks by sector, geography and company size.
Governance	**Liquidity**
▪ Determine willingness to relinquish direct or indirect control. ▪ Decide who will run the family enterprise or the family office. ▪ Think about the legacy you want to leave. ▪ Analyze entity and family agreements. ▪ Identify the governing body (family council or family board).	▪ Assess timing and predictability of cash flows across entities, trusts and operating businesses. ▪ Confirm contingency liquidity plans for life events, market disruption or changing circumstances. ▪ Determine liquidity sources for estate, gift or generation-skipping transfer taxes and opportunities to reduce forced sales.
Next-generation and family changes	**Performance**
▪ Evaluate whether all family members will participate in ownership. ▪ Make sure the succession plan accounts for various life contingencies, including deaths, births, marriages, divorces, disagreements or personal hardships. ▪ Maintain documentation of desired owner succession, governance and control preferences, and share with various key family members or executive committee members. ▪ Clearly explain how “fair,” “equal” and personal preferences differ.	▪ Benchmark against peer organizations to identify improvement and cost-reduction opportunities. ▪ Enable objective comparisons and professional assessments across all business functions. ▪ Develop recruitment, retention, compensation, incentives, benefits and development programs.

Generational transition and preparing the next generation of owners for their journey

Managing the issues related to the business and the family dynamics requires a proper balance that is anchored in the EY Growth DNA Model of family businesses.

Purpose and context
- Cohesion
- Community
- Wealth
- Social responsibility
- Governance

Growth and innovation
- Business growth
- Capital agenda
- Digitalization and technology
- Talent
- Customer



Life and legacy
- Succession
- Wellbeing
- Generational transitions
- Family human capital
- Personal liabilities

Capital and security
- Oversight
- Efficiencies
- Risk management
- Family office strategy
- Tax effectiveness

Contact us

Learn how EY Private Tax can support your legacy with plans for transitioning your business and your wealth to the next generation and beyond.
Visit [Wealth transition services | EY – US](#).

Joe Medina
Partner, Ernst & Young LLP
joseph.medina@ey.com

Michael Feispor
Principal, Ernst & Young LLP
michael.feispor@ey.com

Nick Davidson
Principal, Ernst & Young LLP
nickolas.davidson@ey.com

Sean Aylward
Managing Director,
Ernst & Young LLP
sean.aylward@ey.com

US SCORE no. 31243-261US_2
2603-11562-CS
ED None