

65 year old succession plan

Facts

Clients, Joe & Martha, are 65 and 62 respectively and own a family business. They have two grown children who have both graduated from University and are self sufficient. One of their children is involved in the business, while the other is pursuing his own career path. Joe has a daughter from a previous marriage. Their current net worth is in excess of \$4,000,000, which includes financial, real estate and business assets. They each have RRSP's of approximately \$450,000, about \$100,000 in cash in joint names and the remainder of their financial assets (\$300,000) are held in their holding company. They receive rent from their carriage home and commercial property. Joe is working fulltime and Martha is working parttime as a bookkeeper. Both enjoy travel and lead an active lifestyle that includes cycling and cross-country skiing. They spend about \$100,000 on lifestyle expenses before taxes. Within five years they want to sell the business and transition into retirement.

Concerns

- < When they should start drawing from their RRSP's?
- < How much do they require from the sale of their business to fund their lifestyle in retirement?
- < How do I address the concerns my son has about the commitment of buying a business?
- < How do I structure the buyout to ensure the right balance between the buyers success and my success in retirement?
- < Where do I start? Their professionals were not providing the direction they needed

Solution

We gathered all the relevant information we needed to create Joe & Martha's vision, build a two year roadmap and develop a financial plan to address the concerns they have, as well as establish a tracking and measurement system that keeps them on track. Our priority was to consolidate their investments and put together a wealth management binder for them to simplify their financial affairs and analyse what they had in place from an investment and protection standpoint. We initially looked at where they stood if they retired today and what they needed from their business to comfortable support their lifestyle spending needs. The next priority was to coordinate a team of specialists that would help him negotiate with his son and potential buyers. The succession specialist team will establish a fair market value for the business; negotiate the terms with Joe's buyers and help them with financing the transaction. Our role was to help Joe & Martha coordinate their financial affairs and identify where they currently stand in their approach to retirement. They have received a valuation and have taken the initial steps in the succession planning process.



The Navigation Team

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Our goal: client satisfaction

"The Navigation Team has helped us coordinate all of our financial affairs and has been a catalyst to getting the succession planning process moving forward. We have greater confidence in our retirement plan and feel we are on track."

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