

Exiting a business: Things to consider

Effective planning and investing begins with answers to these five simple questions:

1. What do you want to accomplish in your life?
2. Who are the people that matter most to you?
3. What do you want your legacy to be?
4. What are your main concerns?
5. How do you plan to achieve your life’s vision?

The information that comes out of this process can be invaluable for managing assets presale, structuring the sale in an optimal manner and then developing a strategy for the proceeds after the liquidity event.

Core concepts for the sale

Will proceeds be suitable to fund future spending goals? If so, the business could be sold earlier than expected. If not, postponing to increase business value may be preferred.

A minimum practical sell price typically generates assets needed to pay for future lifetime spending. If the expected transaction value falls short of that number, options can include:

1. Explore an alternative transition type that could bring a higher valuation
2. Postpone the sale and implement a plan to enhance the value of the business
3. Reduce targeted future spending to bring it in line with post-liquidity event resources

Post-sale

Following the sale, the family mindset may need to shift from business owner to asset manager, selecting a prudent, sustainable asset allocation plan and making responsible timing decisions.

Many wealthy families don’t need to invest their assets. On the other hand, many wealthy families could also invest the entirety of their assets in public equities and, even with a drawdown of 50%, still be okay. Typically an optimal portfolio lies somewhere in between all cash and all equity. After the sale of a business, we often work with business owners and their families to help find that balance that fits their goals by using the Liquidity. Longevity. Legacy framework.*

Liquidity strategy

Three main functions:

1. Match cash flow to expenses
2. Funding source during periods of market distress
3. Helps avoid forced or panic selling during bear markets

Longevity strategy

Essential factors include:

1. The volatility of an investor’s combined Liquidity and Longevity portfolio can directly impact the volatility of their future spending
2. Portfolio drawdowns, in particular, present a meaningful risk
3. Risk tolerance

Legacy strategy

The legacy strategy represents a family’s surplus. Once the Liquidity and Longevity strategies are fully funded, excess assets are segregated into the Legacy strategy. This segment is both behavioral and investment related, but is also to support the family’s estate planning and multigenerational objectives.



As you plan and put strategies in place for a more immediate sale, you’ll want to monetize all the hard work you’ve put into your business. The nationally recognized UBS Private Wealth Management team Matina Group can partner with you to assist with key questions and considerations including:

- What are your transition options?
- How will you get the optimal valuation?
- What’s your strategy for securing your legacy?

Get the answers and clarity you need to move your business goals forward. Connect with Matina Group today.



Visit our website to learn more.

Proudly advising Naples clients since 2000

Matina Group

Joseph Matina
Managing Director–
Wealth Management
877-452-4344 toll free
joseph.matina@ubs.com

UBS Financial Services Inc.
Private Wealth Management
801 Laurel Oak Drive
Suite 500
Naples, FL 34108

advisors.ubs.com/matinagroup

*Time-frames may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business, and that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. For more information, please review the client relationship summary provided at ubs.com/relationshipsummary, or ask your UBS Financial Advisor for a copy. **Private Wealth Management is a division within UBS Financial Services Inc., which is a subsidiary of UBS AG.** © UBS 2022. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. C.J.-UBS-1437095820 IS2204203 Exp.: 08/31/2023

