

A Structured Sale for the Affluent Business Owner

Who is the Affluent Business Owner?

The Affluent Business Owner has worked hard creating a successful business and now desires income without the hassles involved in owning a business. The capital gains tax on lump sum distributions will reduce their assets, leaving less for their heirs. Their income and retirement objectives need to be addressed, while still setting aside assets for their heirs.

They have a definite goal for a comfortable retirement utilizing the proceeds from the sale of the business. Additionally, they may also be concerned with a possibility of “spendthrift heirs” and would like to have some control over the distribution of their inheritance. Having lived a financially conservative, cautious life, they want the same for their children or grandchildren.

What Could You Recommend?

If they have assets that would qualify for Installment Sale treatment, consider combining it with a use of a Structured Sale.

Why This Arrangement?

The Affluent Business Owner is looking for a comfortable, secure retirement after a lifetime spent building up their business, and knowing that their family will be provided for.

Key Selling Points:

A Structured Sale coupled with the benefits of an Installment Sale may:

- Provide your customer with access to a dependable periodic payment stream of income that may be greater than that generated by a laddered bond portfolio
- Provide an asset base upon which to draw income that is not subject to the ups and downs of their business
- Provide a steady stream of income regardless of market performance
- Provide for tax-deferred growth potential
- Create restricted payout options to help protect “spendthrift heirs”
- Allow owner to more effectively utilize their built-up equity in their business in a low interest rate environment
- Provide for beneficiaries through periodic payment stream that will be paid to the Estate after the death of the owner
- Provide freedom from the hassles of running a business that may have unpredictable income streams

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