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## Six Key Steps When Transferring the Family Business

In recent years, there has been no shortage of high profile reports of significant, successful business running into succession problems. Family disagreements over control of McCain Foods and the demise of Eaton's have highlighted the special problems surrounding family businesses.

### **Only 30% of all family businesses ever make it past the second generations. Why is that?**

Often it comes down to planning. Many small business owners don't have a succession plan in place leaving them unprepared for retirement, disability or death. While already successful and business minded, these entrepreneurs are usually so entrenched in the day to day activities of building and running their businesses, they neglect planning for the unforeseen or future events. But succession planning doesn't have to take you away from the running of your daily business. There are always ways to make succession planning easier.

### **How to create a successful business succession plan?**

A business succession plan determines how your business will be transferred to others and outlines the steps necessary to prepare for the transition. The planning is really an extension of your personal estate planning, but with a focus on the future operations of your business. The plan affects you, your family, employees, clients, suppliers, creditors and others. A good plan ensures that your wishes will be carried out if you should die, or can no longer run your business due to illness or disability. It also involves the transition into retirement. This can include how you will receive retirement income: either by selling the business, handing it down to other family members or staying in the

business in some smaller capacity.

### **Calling in the experts**

A solid succession plan should mean there are no surprises. Not for you, your family, nor the people who work with you in your business. That's why when dealing with a financial security advisor about your succession plans they will also work with the other professionals you work with for various aspects of your business. This team may include:

1. Your lawyer
2. Your accountant and tax specialist
3. Your financial security advisor (with expertise in both insurance and investments)
4. Bankers

A financial security advisor should be able to develop your personal succession plan, while keeping the process well laid out, and understandable. Here are six key steps your financial security advisor and you can work on to help you create a succession plan that is right for you, your business and your family.

1. Assess your current situation
2. Understand your goals for your business and your family
3. Identify and prioritization plans
4. Select the best action plan
5. Document your decisions
6. Implement you plan

While the issues may be complex, the process does not have to be. In business, as in life, you learn from the past, deal with today, and plan for tomorrow. Succession planning can be an important part of planning for those tomorrows.

