

# Business Succession Planning



**Securing your future,  
protecting your business**



You've spent years building your business and, in the process, you've created a legacy. Now it's time to realize that legacy to its fullest.

## Private Client Services

You've spent years building a business you're proud to call your own. To ensure you maximize the value of your business when it comes time to sell, transfer or exit, you'll need to develop and implement a business succession plan.

We believe our unique approach can provide you with a well-executed succession plan that will bring you and your family the peace of mind you deserve as you move into the next phase of your life.

# What is a business succession plan?

A business succession plan first establishes a framework for the future transfer of ownership and control of your business to a chosen successor(s) – be it family, business partner or outside third party. But to achieve all your financial goals, succession planning must go beyond maximizing the value of your business and facilitating its sale or transfer. A comprehensive plan will include your future plans, your family's financial needs and the minimization of taxes. It will also include the protection of your assets and estate in the event of death or disability.



# Why do you need a business succession plan?

Simply put, a business succession plan is the best way to help ensure that you get what you want out of all the work you've put into your business.

A part of that will be the money you receive and the financial security it gives your family, but, like you, most business owners want more than that. They want a smooth transition and fair treatment for their family and the people they've worked with. They also want the business to continue to prosper so their legacy lives on.

A good succession plan can help all those things happen.

## **Personal benefits of succession planning –**

- Provides peace of mind
- Secures your personal financial future
- Protects and potentially enhances your payout
- Simplifies your retirement picture
- Potentially reduces taxes
- Inspires confidence in all key stakeholders

About 65% of Canadian business owners plan to exit their businesses by 2015.<sup>1</sup>

# When do you need a business succession plan?

If you intend to retire or sell your business, now is the time to start a comprehensive business succession plan. You may already have a strategic business plan. You may have a buy-sell agreement and have purchased the insurance to fund it. You may have crystallized your capital gains exemption and revised your Will to deal with the future disposition of shares in your company. All of these details are essential to succession planning, but they are only parts of the plan.

All of these elements and more need to be developed, implemented and aligned with each other, and with your personal wealth plan. They need to be coordinated into a single, comprehensive plan – and that's where TD Waterhouse Private Client Services comes in.

Whatever stage of planning you're at – from initial exploration of your options to a final check of your plan's effectiveness prior to implementation – Business Succession Planning specialists at TD Waterhouse Private Client Services can provide the information and services to help you reach your goals.

## **Business benefits of succession planning –**

- Ensures a smooth transition
- Avoids delays or disputes that can place strain on the business
- Clarifies everyone's roles and responsibilities
- Gives investors, lenders, customers and employees confidence
- Provides focus for long-term strategic planning

**Selling a business is easier, less stressful and potentially more profitable when you are selling on your own terms and timeline – not someone else's.**

# What do you have to consider?

Your TD Waterhouse® specialist can help you analyze all the critical considerations of succession planning and recommend the solutions that are right for you.

**Your exit strategy** – When owners decide to leave their business, they can take advantage of five possible exit strategies, each with its own unique pros and cons.

Will you:

1. Sell to a third party?
2. Pass it on to a family member?
3. Transfer shares to a partner or group of employees?
4. Take the business public?
5. Wind up the business?

**Future goals** – What are your financial objectives for your next career or retirement? Have you thought about your lifestyle and that of your family? Just how much will you really need?

**Business valuation** – Do you know how to value your business? Business owners will commonly undervalue or overvalue their businesses because few possess the necessary detachment or the ability to value it accurately.

**Tax and legal issues** – Does your business qualify for the lifetime capital gains exemption? Many business owners are not aware that certain conditions must be met well in advance of the sale to qualify for this potentially significant tax savings. Implementing tax-effective financial and operational strategies can also significantly reduce estate and probate taxes, so you and your family can preserve more of your hard-earned wealth.

**Contingency planning** – Do you have a buy-sell agreement? If so, is it current? When there are multiple shareholders, a buy-sell agreement determines what happens if one of you dies or leaves the business.

Only 10% of business owners have a written succession plan.  
Only 38% have an informal unwritten plan.<sup>1</sup>



## How TD Waterhouse Private Client Services can help

If you're like most business owners, you have a reliable team of advisors in place. Your accountant, lawyer, family facilitator, business valuator, business broker/intermediary, insurance professional, investment advisor and banker all assist you in effectively managing and protecting your business. But succession planning is a process that, done right, involves realizing your business goals as well as your personal financial goals – something many business-focused owners find hard to achieve.



You are likely to need more specialized help to coordinate the input from your current advisors, add expertise in specific areas, and lead the development of an integrated, comprehensive plan that will achieve your goals.

TD Waterhouse is uniquely positioned to help. Our specialists have developed an unparalleled level of expertise in holistic strategies for succession planning. We apply our knowledge and experience in business succession and personal wealth management to create a fully integrated plan.

We believe in a team-based approach, employing everyone's strengths and skills. We work closely with your current advisors while drawing on our own team of specialists so that, together, we can help you build a succession plan that is flexible, achievable and sound. Our ultimate goal is to simplify this sometimes daunting and complex process, and bring a truly integrated strategy to life – a strategy that's right for you today, and right for you tomorrow.

### **The Business Succession Planning team at TD Waterhouse Private Client Services includes –**

**TD Waterhouse Private Banking<sup>2</sup>** – day-to-day banking, business and personal credit, and individually structured wealth management solutions

**TD Waterhouse Private Trust<sup>3</sup>** – estate planning and administration, trusts, and tax planning and preparation

**TD Waterhouse Private Investment Counsel<sup>4</sup>** – tailored investment portfolios fully managed for you

**TD Waterhouse Private Investment Advice<sup>5</sup>** – comprehensive and personalized investment advice, while you stay involved in the key decisions

**TD Waterhouse Insurance Services Inc.** – customized insurance solutions for business and personal needs

**Access to all TD Bank Group<sup>6</sup> resources** – including TD Securities<sup>7</sup>, TD Asset Management Inc.<sup>8</sup>, Business Banking and philanthropic giving advisors



# Unique solutions for your unique needs

There is no one-size-fits-all approach to business succession planning. TD Waterhouse specialists are trained to analyze your needs and guide you through the intricacies of the succession and wealth planning process. We offer a complete suite of high-quality services tailored to meet your specific needs. This includes –

- Retirement projections to ensure your financial goals and objectives can be met post-business
- Professional investment management for your business and for your family
- Contingency planning to ensure the financial security of you and your family, and the successful continuation of your business, in the event of unexpected death or disability
- Will and estate planning that takes your business interests into account
- Administration and management of private businesses that fall into an estate
- An assessment of retirement strategies, such as individual pension plans (IPPs), retirement compensation arrangements (RCAs) and other vehicles
- Access to Business Banking specialists who can assist with vendor and purchaser financing
- Access to specialists at TD Securities® for services that require the underwriting and distribution of new debt and equity issues, plus strategic advice on acquisitions, divestitures and Initial Public Offerings

**Call us today at 1-866-280-2022.**

It's never too early to start planning your transition. Your TD Waterhouse specialists are dedicated to guiding you through the business succession planning and implementation process, and to making the journey as simple and smooth as possible.

**To learn more about Business Succession Planning,  
please contact us at 1-866-280-2022,  
visit [www.tdwaterhouse.ca](http://www.tdwaterhouse.ca)  
or speak to a representative at your nearest  
TD Canada Trust or TD Waterhouse location.**



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<sup>1</sup> Source: "Turning Risks Into Opportunities" Canadian Federation of Independent Business Symposium on SME Succession Planning, 2006. <sup>2</sup> TD Waterhouse Private Banking services are offered by The Toronto-Dominion Bank. <sup>3</sup> TD Waterhouse Private Trust services are offered by The Canada Trust Company. <sup>4</sup> TD Waterhouse Private Investment Counsel Inc. is a subsidiary of The Toronto-Dominion Bank. <sup>5</sup> TD Waterhouse Private Investment Advice is a division of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank. TD Waterhouse Canada Inc. — Member of Canadian Investment Protection Funds. <sup>6</sup> TD Waterhouse Private Client Services and TD Bank Group each mean The Toronto-Dominion Bank and its affiliated companies that provide deposit, investment, securities, trust, insurance and other products or services. <sup>7</sup> "TD Securities" is a trade-mark of The Toronto-Dominion Bank and represents TD Securities Inc., TD Securities (USA) LLC, TD Securities Ltd. and certain investment banking activities of The Toronto-Dominion Bank and its subsidiaries. <sup>8</sup> TD Asset Management Inc. is a wholly-owned subsidiary of The Toronto-Dominion Bank. All trade-marks are the property of their respective owners. ®/ The TD logo and other trade-marks are the property of The Toronto-Dominion Bank or a wholly-owned subsidiary, in Canada and/or other countries.