



Rollover Equity and Wealth Strategy

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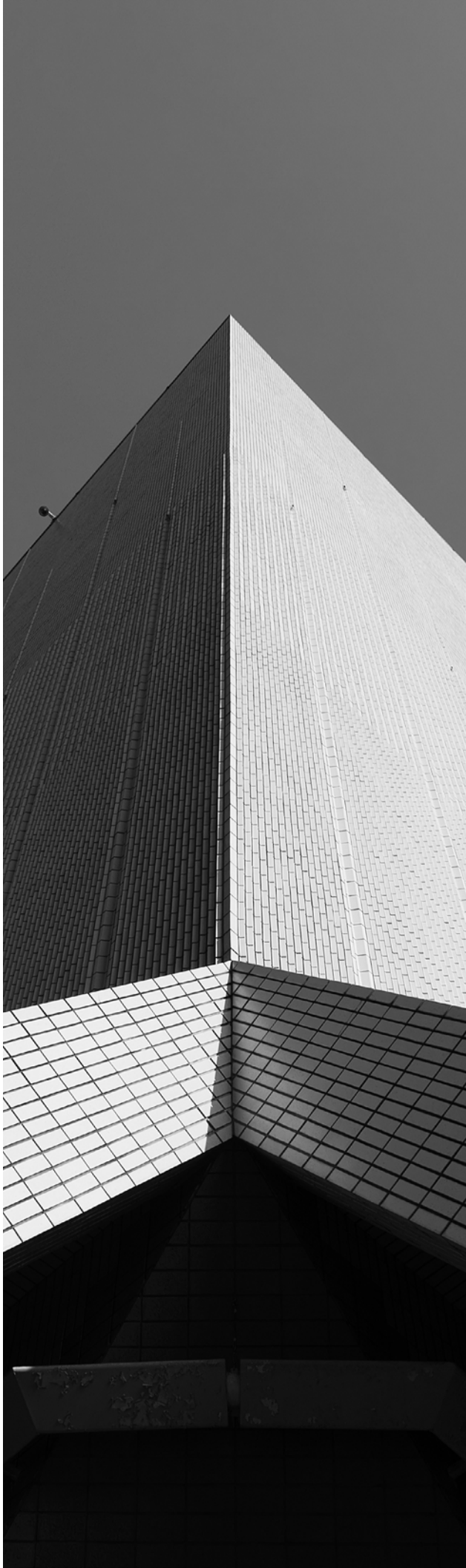
Selling your company to a Private Equity firm affords you many potential benefits, one of which is the ability to rollover equity and defer a portion of the gain realized on the sale of your business. While sellers typically focus on the sale timing and structure, they may be missing a powerful planning opportunity by not exploring planning options for their rollover equity.

At NewEdge Wealth, we employ a process that helps enable our clients to make confident decisions based on facts, not just opinions. We do not lead with solutions because we engage in a deep discovery process to get to know you and understand your aspirations, values and concerns. Based on the information we gather during the discovery process, we analyze your liquidity needs and utilize quantitative modeling to partition your capital based on the likely use of the beneficiary. Next, we evaluate and discuss the most appropriate strategies in seeking to achieve your desired goals. Once we reach a consensus on the strategies to be implemented, we develop a well-defined action plan that supports your family legacy and objectives. We will work closely with your external advisors to coordinate responsibilities for implementation of your comprehensive wealth strategy at the most opportune time.

At NewEdge Wealth, we have worked with several business owners who have sold their business to private equity firms and are well versed in options regarding planning with rollover equity. For example, we assisted a client who shared during the discovery process that his overarching goals were to 1) transfer wealth efficiently to the next generation; 2) minimize estate and income taxes; and 3) prepare for the second sale of his company to the same private equity firm. When we analyzed his liquidity needs, we determined that he only required approximately 45% of his current liquid asset base (including the rollover equity) to support his desired lifestyle to his age 100 (he was 56 at the time).

After a thorough analysis, we presented several strategies to the client. Through our discovery, we determined that planning with his rollover equity offered the best opportunity to meet his goals and objectives. We developed an overall action plan which included the client creating a Spousal Lifetime Access Trust (“SLAT”) and funding it with a portion of his rollover equity. Up to this point, he and his wife had not utilized any of their lifetime exemptions, so they were able to fund the trust with \$20 million of rollover equity without incurring out-of-pocket gift tax.





The second part of the strategy occurred a year later. By this time, the business had completed the second sale and the client had more than enough liquid assets to support his lifestyle. He sold additional assets to the SLAT in return for a 9-year note. By removing his rollover equity from his estate (which had returned a 3x multiple within five years) and selling additional assets to the SLAT in exchange for the note, we estimated that we potentially removed over \$70 million of excess value from the client's estate.

Ideally, the best time to plan is well before the sale. However, we believe inaction and the failure to plan can cost you more than just dollars, it can cost your family their legacy.

Business owners and private equity professionals require a team of advisors that are collectively focused on the goals specific to your family and the steps that are required to attain them. At NewEdge Wealth, our role is to help manage those resources. If selling your business is in the near future, let's have a conversation.

Let's talk.

For more information call 855-949-5855 or visit www.newedgewealth.com.

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