NewEdge WEALTH

You Sold the Business. Now What?

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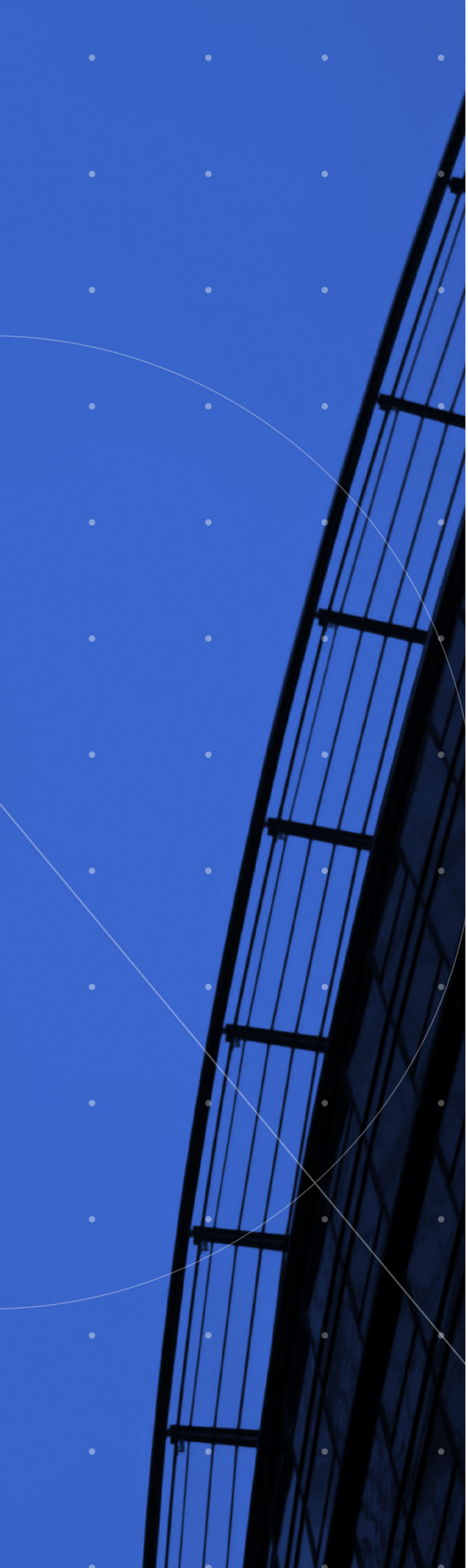

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Throughout the Onward series, we've emphasized the importance of planning before the sale of a business. In an ideal world, entrepreneurs would begin preparing years in advance, giving themselves time to implement sophisticated tax, estate, and wealth transfer strategies before a transaction ever occurs.

However, we know that business sales rarely happen under ideal circumstances.

Many entrepreneurs spend months—or even years—focused entirely on maximizing the value of their company, negotiating with buyers, retaining key employees, and successfully getting the transaction across the finish line. By the time the sale closes, wealth planning is often an afterthought. While certain planning opportunities disappear once the transaction has closed, many of the most meaningful financial decisions are still ahead. Decisions surrounding taxes, investments, estate planning, and family governance can have lasting implications. The longer these areas are operating ineffectively, the more time and effort it takes to unwind the consequences.

The good news is simple: ***it isn't too late***.

While you may no longer be able to reduce the taxable value of the business itself, you still have tremendous flexibility to protect your wealth, improve tax efficiency going forward, and establish the legacy your business was ultimately built to create. This guide highlights several of the highest-impact planning opportunities available after an entrepreneurial exit.

1. Managing the Tax Bill

For many entrepreneurs, the largest immediate concern after closing is the tax liability generated by the sale. Although most pre-sale tax mitigation opportunities have passed, thoughtful planning can still improve your overall financial outcome.

Liquidity Reserve

Work closely with your CPA to estimate your federal and state tax obligations and reserve sufficient liquidity for those payments. Since taxes may not be due until months after closing, these reserves can often be invested conservatively in Treasury Bills or other short-duration investments, allowing your cash to generate income while remaining readily available when taxes come due.

Tax-Loss Harvesting

Although many tax planning opportunities disappear once a business sale closes, entrepreneurs may still have meaningful options to improve their tax outcome before year-end. If the sale occurs early enough in the tax year, implementing a tax-loss harvesting strategy may generate capital losses that can offset a portion of the capital gains realized from the sale.

Traditional tax-loss harvesting strategies seek to capture losses by selling securities that have declined in value and replacing them with similar investments to maintain market exposure. However, more sophisticated approaches, such as long/short tax-loss harvesting strategies, may be able to generate greater realized losses than traditional long-only portfolios. These strategies are designed specifically to maximize the realization of capital losses while maintaining a diversified investment allocation.

While these strategies are not appropriate for every investor, entrepreneurs experiencing a significant liquidity event should discuss them with their tax and investment advisors as early as possible after closing. Acting early is important, as the opportunity to harvest losses is limited to investments established before the end of the tax year.

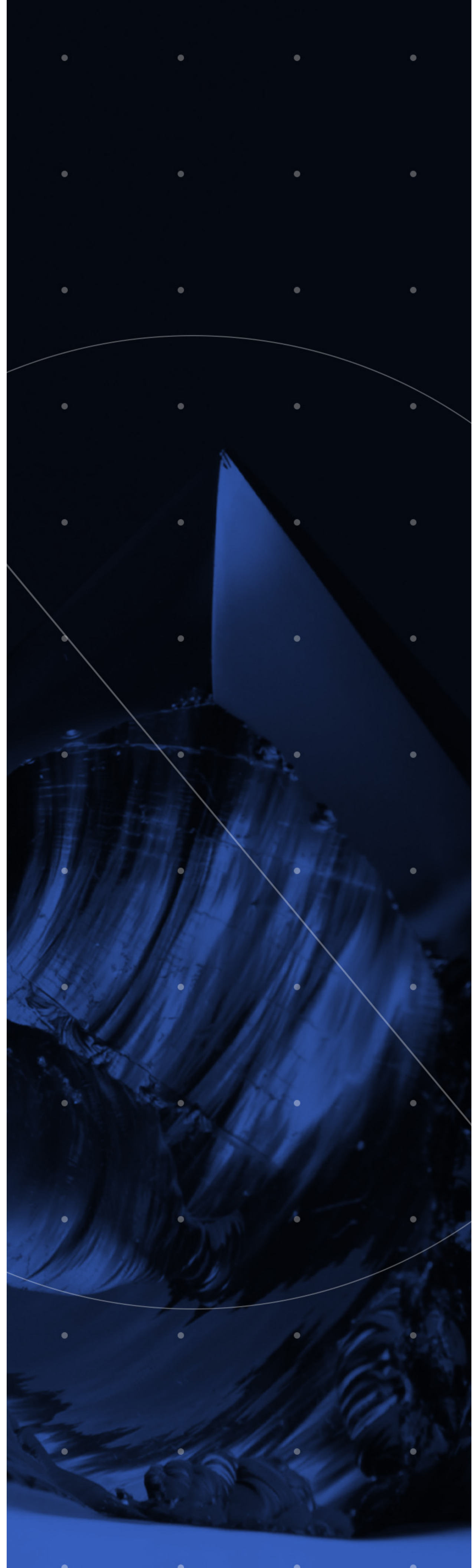
Qualified Opportunity Zones

For entrepreneurs who don't require immediate access to all their proceeds, Qualified Opportunity Zones (QOZs) remain a post-sale planning opportunity capable of improving the tax outcome of a liquidity event.

Recent legislative changes under the One Big Beautiful Bill Act have made Opportunity Zone investments more attractive by creating a renewed and more permanent framework for the program, extending many of the benefits that were previously scheduled to expire.

Beyond potential deferral of eligible capital gains, investors who fulfill the required holding periods may also benefit from permanently excluding future appreciation generated within the Opportunity Zone investment itself.

As with any private investment, careful due diligence is essential. Investment quality should drive the decision, not merely the tax benefits.



Charitable Planning

A significant liquidity event often creates an opportunity to redefine your family's philanthropic goals.

Vehicles such as Donor Advised Funds or Private Foundations can simplify charitable giving while creating a structured framework for future family involvement. While many charitable strategies are most effective before a transaction closes, entrepreneurs can still establish meaningful philanthropic plans that align future giving plans with their family's values and long-term legacy.

2. Protecting Your Newly Created Wealth

Building wealth is one challenge, but protecting it is another.

Following a successful business sale, your financial circumstances often become more visible than they were previously. Industry publications, local news outlets, SEC filings, or simply word-of-mouth may signal that your family has experienced a significant liquidity event.

This makes reviewing your legal and asset protection framework more important than ever.

Foundational Estate Documents

Even if sophisticated trust planning is not immediately necessary, every entrepreneur should ensure their foundational estate documents accurately reflect their new financial circumstances. This includes reviewing Wills, Revocable Trusts, Durable Powers of Attorney, Healthcare Directives, and Beneficiary Designations on Accounts.

Documents created years before the sale often no longer reflect the complexity or value of the family's current balance sheet.

Asset Protection

Entrepreneurs should review ownership structures for investment accounts, real estate, and other assets while evaluating whether LLCs, umbrella liability insurance, or additional asset protection planning may be appropriate.

Cybersecurity, identity protection, and financial privacy also deserve renewed attention after a significant liquidity event.

3. Strategic Estate Planning

Our previous Onward whitepaper focused heavily on transferring ownership interests in a privately held business before a sale. Even though that opportunity may have passed, many of the same planning strategies remain highly effective using cash or marketable securities instead. In several ways, implementation actually becomes simpler.

Begin Lifetime Gifting Early

Once proceeds have been invested, those investments begin appreciating immediately. Rather than waiting years to begin gifting, entrepreneurs should consider whether transferring assets today allows future appreciation to occur outside of their taxable estate.

A taxable estate generally includes the value of all assets owned at death, such as investment accounts, real estate, business interests, and other property. Under current federal law, each individual can transfer approximately $15 million during life or at death, free of federal estate tax (or approximately $30 million for a married couple, assuming proper planning). Assets exceeding the available exemption may be subject to federal estate tax at rates of up to 40%, making proactive planning particularly important following a significant liquidity event.

By funding irrevocable trusts or making lifetime gifts early, future investment appreciation can occur outside of the taxable estate, allowing more wealth to pass to future generations rather than being subject to estate taxes. The objective isn't simply transferring today's wealth; it's transferring tomorrow's growth.

Strategies such as:

- Spousal Lifetime Access Trusts (SLATs)
- Dynasty Trusts
- Irrevocable Life Insurance Trusts (ILITs)
- Grantor Retained Annuity Trusts (GRATs)

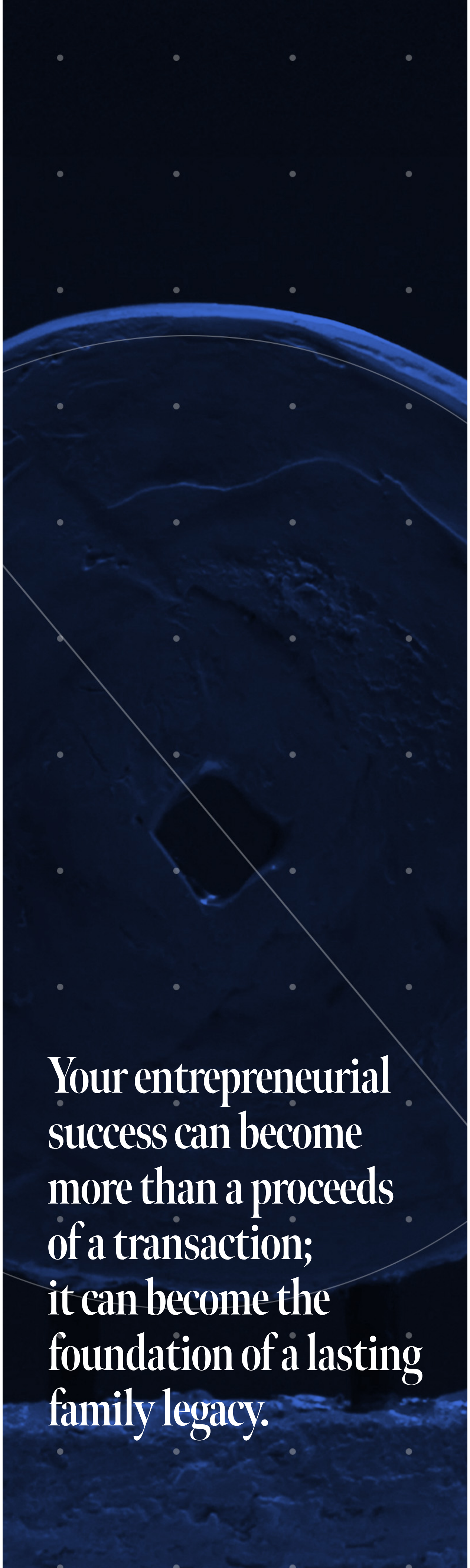
can all be funded with cash or marketable securities after a sale.

Although valuation discounts associated with privately held businesses may no longer be available, these trusts can still remove future appreciation from an entrepreneur's taxable estate, while simultaneously supporting long-term family and legacy objectives.

Annual Gifting

Systematic annual exclusion gifts remain one of the simplest ways to gradually transfer wealth to future generations.

When coordinated alongside other strategies, these annual gifts can compound meaningfully over time while reducing future estate tax exposure.



4. Designing Your Next Chapter

While planning is essential, the emotional transition following a business sale should not be overlooked. For many entrepreneurs, the business represented far more than an asset—it represented purpose, identity, relationships, and decades of personal commitment.

For this reason, a successful transition often includes defining what comes next.

Questions worth considering include:

- What role will philanthropy play in your family's future?
- How should children and grandchildren be introduced to wealth?
- Should the family establish formal governance structures?
- What values should accompany the financial legacy you've created?
- What do you want your wealth to accomplish over the next generation?

The answers to these questions often become far more meaningful than the transaction itself.

Conclusion

Selling a business represents the culmination of years of hard work, sacrifice, and vision. While certain planning opportunities are available only before a transaction closes, it's never too late to begin planning. Many of the most important financial decisions still lie ahead, and how your proceeds are invested, protected, transferred, and ultimately utilized will likely have a greater impact on your family's long-term success than the sale itself. With thoughtful coordination among your financial, tax, legal, and investment advisors, the wealth created through your entrepreneurial success can become more than the proceeds of a transaction; it can become the foundation of a lasting family legacy.

Let's talk.

For more information, call 305-728-7000 or visit newedgewealth.com/onward.

The ONWARD Series

A successful wealth strategy process benefits from a team of advisors, collectively focused on the goals specific to you, your business and your family. Below, you will find insights and strategies published by the NewEdge team on what it means for an entrepreneur to have a wholesome wealth strategy rather than a simple financial plan. Check out more ONWARD content below or at **newedgewealth.com/onward**.

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References to federal gift and estate tax exemption amounts, tax rates, and legislative provisions (including the One Big Beautiful Bill Act) reflect the law as of the date of publication and are subject to change. Exemption amounts are periodically adjusted for inflation and may be modified or reduced by future legislation. This material should not be relied upon as a current or complete statement of applicable law.

Investments in Qualified Opportunity Zone funds and similar private, illiquid vehicles involve a high degree of risk, including loss of principal, limited liquidity, and lack of a secondary market, and are generally suitable only for investors who can bear such risks. Tax benefits associated with these investments are not guaranteed and depend on satisfying applicable holding period and other requirements. Investment merit, not tax benefit alone, should drive any investment decision.

Tax-loss harvesting strategies, including long/short approaches, involve trading and may not achieve their intended tax benefit in all market conditions. These strategies carry additional complexity and risk relative to traditional long-only investing and are not suitable for all investors.

Investing involves risk, including possible loss of principal. Past performance is not a guarantee of future results.

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