

The business owner's transition checklist

Transitioning a business enterprise is one of life's most consequential financial events. As you work with your advisors to put your transition plan in place, this checklist can help make sure you've covered all the bases.

1 Start planning early

Many strategies take time to implement and yield results.

- ☐ Begin transition planning 5 – 7 years before your desired exit date
- ☐ Set a realistic timeline that accounts for potential delays
- ☐ Review and update your business and personal wealth management plans annually

2 Assemble your transition team

A coordinated team of professionals with the right expertise can create a well- integrated plan.

- ☐ Meet with your financial advisor to initiate planning and coordinate other specialists
- ☐ Work with your advisor to engage an attorney, accountant, tax advisor and valuation professional

3 Review the entity structure

The right entity structure offers significant tax efficiencies that can save you substantial money when it comes time to transfer.

- ☐ Schedule a meeting with your tax advisor
- ☐ Review the tax and other implications of the entity legal structure in light of your planned exit

4 Understand and account for emotional factors

Research reveals predictable — and often painful — post-transition challenges that planning can help mitigate.

Before the transition:

- ☐ Explore what gives you satisfaction and joy beyond business success
- ☐ Consider how you want to spend your time after you no longer own your business
- ☐ Develop interests and relationships outside the business
- ☐ Consider whether you'd benefit more from a phased transition or a clean break
- ☐ Discuss transition concerns with your advisor

After the transition:

- ☐ Give yourself time to adjust
- ☐ Stay connected to professional and personal networks
- ☐ Find additional outlets for your skills and expertise (mentoring, board service, investing)
- ☐ Consider joining peer groups of former business owners

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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5 Obtain a professional valuation

Periodic valuations, starting early in the process, provide time and insight to improve the business value to align with transition objectives.

- ☐ Engage a qualified valuation professional for an initial baseline assessment
- ☐ Use valuation insights to identify risks and areas for improvement and to inform strategic business decisions

6 Evaluate and address governance risks

Strong governance bolsters both enterprise value and appeal to potential buyers.

- ☐ Document roles and responsibilities
- ☐ Evaluate financial safeguards and reporting systems
- ☐ Document procedures for key processes
- ☐ Identify key employees and develop retention plans
- ☐ Address any regulatory, legal or compliance gaps

7 Evaluate your transfer options and the tax implications

Strategic tax planning can significantly impact the financial outcome of your transition.

- ☐ Evaluate how much cash you need from the sale to support your lifestyle
- ☐ Work with your advisor to create models of various transfer types
- ☐ Compare liquidity and tax implications of each option
- ☐ Consider eligibility for qualified small business stock (QSBS) exclusion

8 Optimize your post-transition investment strategy

A transition creates opportunities for diversification, wealth preservation and continued purpose.

- ☐ Explore Section 1031 and Section 721 exchange (UPREIT) programs for business or investment property
- ☐ Consider an “entrepreneurial allocation” of time or resources to satisfy drive for control, risk and purpose
- ☐ Consider hedging against concentrated stock positions or direct indexing for tax loss harvesting prior to selling appreciated assets

9 Protect your sale proceeds

A liquidity event shifts your risk profile and creates legacy planning opportunities.

- ☐ Review insurance needs post-sale, including life/disability and liability, disability and long-term care
- ☐ Consider whether to allocate more resources toward charitable giving
- ☐ Evaluate strategies and vehicles for tax-efficient giving

Transitioning your business is not just a financial transaction, it's a life transition. You don't need to do it alone. Work with qualified professionals who can guide you through the process and help you position yourself for a fulfilling next chapter.

Please consult your financial professional for more information and guidance with your specific situation. For financial professionals, please contact Nuveen at 800.221.9271 or visit us at [Nuveen.com](https://www.nuveen.com).

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