

# Strategically Plan Your Company's Succession

## Ask an Expert



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**Q** I am considering succeeding my business to my son, what things should I consider prior to doing this?

**A** Remarkably, seventy percent of family-owned businesses in Canada fail to succeed to the next generation. In order to avoid a company's demise, it is vital to prepare an effective business exit plan. Proactively taking the right steps now will help to ensure a smooth transition, leading to greater financial security for retirement.

Business owners often avoid planning due to the number of emotionally charged issues that are associated with passing on the torch; however, retiring from a business does not have to be a difficult experience. By consulting with an expert, a business owner can determine the best approach within the scope of his or her unique circumstances.

Lacking the correct knowledge, many owners will unintentionally make choices that are to their companies' detriment. When a business owner gives shares of a company directly to a successor, that owner is putting their financial security in harm's way, especially if he or she is relying on the revenue generated by the company for retirement. However, by giving a successor shares, by way of a Trust, a business can be effectively protected against bankruptcy, divorce or a lawsuit. I recommend that a Trust be used in conjunction with an estate freeze, when both mechanisms are utilized within a succession plan, not only are assets protected, but unnecessary taxes may also be deferred or avoided completely.

Succeeding your business requires very strategic planning, I recommend consulting a professional before making any decisions.

MacMillan Estate Planning Corp. will be hosting a complimentary

**Wine and Cheese Seminar**

on Wednesday, May 2<sup>ND</sup> 2012 AT 7:00 PM

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