VOLUME 1
Issue 1 | September 2019
Canadian Edition

BMO Wealth Insights

Key considerations for **business owners**

Introduction

As an owner of a private business you face the difficult challenge of balancing the needs of your business with the needs of yourself and your family. Your business demands a significant amount of your time and finances in order to generate earnings and growth that will ultimately be used to achieve your personal financial goals.

This two-part series focuses on considerations that relate with the life cycle of a business and its owner. There are four major stages of the business life cycle: start-up, growth, maturity and exit. The first issue focuses primarily on key considerations that can help you to achieve your personal and business goals. The second issue will explore considerations specifically relating to the business itself, to ensure it is able to adapt to change and can continue building toward sustainable success.

In this first issue, we explore topics unique to the personal side of the business owner, from the value of a wealth plan to the best structure for your business. Following that, we focus on the strategies and solutions that are appropriate to reduce the risk to business owners in achieving business goals and funding long-term retirement goals. We then explore questions about business succession – when is it the right time to sell, and who could potentially take over your business? Finally, as you approach the exit phase of your business, you may begin to contemplate what's next for you, and the legacy you will leave behind with your business. We'll explore how establishing a private foundation can help build that lasting legacy.

As a business owner, life can get complex when personal wealth management and managing your business are closely intertwined. Through our services, we can help reduce the complexity, allowing you to focus on what's important to you. We can also provide guidance on business transition and succession planning when you are ready to move on to the next chapter in your life.

Contents

VOLUME 1 | Issue 1 | September 2019

The value of a wealth plan for a business owner

Business owners need to integrate their personal goals with the needs of their business as they journey through the various stages of their personal and business life cycles. With so much time and effort invested in the business, there is often little time left to address personal and family issues. A well-thought-out wealth plan will help to identify a business owner's personal and business needs and priorities.

An owner is the driving force of their business. They are always thinking about their business, innovating and making changes so that both they and their business can succeed.

Starting and operating a business is not for everyone. Being your own boss requires a huge commitment, and a significant and ongoing investment of both time and effort. Lasting success also requires business-specific knowledge, real passion and the ability to take smart, calculated risks in order to get ahead – and stay ahead – financially.

Personal goals versus business goals

Owners of a private business constantly face the difficult challenge of balancing the needs of their business with the needs of their family. There are trade-offs in time and financial commitments that business owners must constantly make as they strive to generate the reliable business earnings and growth that will help them achieve their own financial goals.

With so much focus dedicated to the business, there is a tendency to overlook these goals and to shelve decision-making regarding important aspects of a wealth plan, such as:

- Financial planning
- Tax planning
- Estate and Trust issues
- Philanthropy
- Business transition and succession

A wealth plan can address all of these areas to meet a business owner's personal and business needs. It allows a business owner to make the most of their assets; it helps protect their assets and ensures that their wealth ends up in the right hands. An effective wealth plan employs tax-efficient strategies in every area of their financial dealings, plans for a comfortable retirement, factors in the unexpected, and takes care of loved ones – now and in the future.

The wealth plan

A holistic wealth plan focuses on the bigger picture by implementing customized strategies to achieve three primary wealth goals: accumulation, preservation and distribution. The implementation of a wealth plan and the achievement of primary wealth goals are enabled by engaging a financial planning process that includes clarifying goals, identifying hurdles and exploring options, evaluating the recommendations presented in the plan, deciding on solutions and strategies that best meet needs and goals, implementing the plan, and reviewing it on a regular basis.

Wealth planning for a business owner should include personal financial planning alongside planning for the business. Business and personal financial plans have very different focuses, but for the business owner it is very important that the two plans work together.

At its most basic, a business plan documents the steps that the business will take to earn profits and grow, and to preserve the growth and sustainability of the business. These profits and the eventual value of the business may be withdrawn and used to achieve personal and family goals, implemented in a personal financial plan. These goals may include plans for cash management, tax planning, investment planning, insurance planning, retirement and succession planning, and estate planning.

Key areas of focus in the personal financial plan of a business owner

Cash management

Businesses in the start-up phase tend to have high capital investment needs relative to the amount of revenue that the business is able to generate. Access to investment capital and the reinvestment of earnings in the business may compete with the need for cash flow to support personal and family needs. The income of the business should finance day-to-day business operations, but it will also be needed to fund the lifestyle, daily living expenses and savings for other goals of the business owner and their family, as well as managing debt.

Even though it may be possible to withdraw regular profits to support personal needs, a business can represent a large illiquid asset for the business owner. Strong financial management is essential to ensure long-term business stability and, ultimately, the growth of personal wealth over a lifetime. Both the business and the business owner can benefit from a prudent and efficient cash management approach.

Tax planning

Minimizing taxes is a major factor contributing to an efficient cash management approach. Business owners benefit most when personal and business taxes are considered in combination. Leaving funds in an incorporated business can help to minimize taxes, especially if the small business deduction can be applied to reduce corporate taxes. This strategy may limit the growth of personal investment assets, but it may have advantages for the business – and, in the long run, for the business owner.

It's important to consider the right business structure for the business to maximize tax efficiencies but also to protect the business owner and the assets they have accumulated within and outside of the business.

Being your own boss requires a **huge commitment of time and effort**

There are many tax-saving strategies that may be implemented with guidance and advice from a tax professional: family trusts, holding companies, charitable donations, capital gains exemption planning, estate freezes, business incorporation, maximization of retirement savings with a Registered Retirement Saving Plan (RRSP), Individual Pension Plans (IPPs), and Retirement Compensation Arrangements.

Income-splitting strategies can be effective in reducing a business owner's overall tax bill. For example, assets or income can be allocated to a spouse or to other family members, subject to various attribution and anti-avoidance rules. In light of the complexities, trusts or other tax-efficient ownership structures should only be set up in consultation with tax and legal advisors.

Investment planning

A successful investment strategy begins with asset allocation. However, for a business owner, diversification from the business is a key consideration. As most of an owner's financial assets are tied up in the business, the achievement of other financial goals is dependent on saving and investing outside of the business in accounts such as a Tax Free Savings Account (TFSA) or Registered Education Savings Plan (RESP), or in a personal holding company.

If surplus funds are left in the business or corporation, it is also possible to invest these amounts. Care should be taken regarding the liquidity and safety of any investments of this type, especially if short or medium-term cash needs are forecasted for the business.

Insurance planning

Determining the best method to protect the business owner, their family and the business requires specialized knowledge of risk and of insurance-based strategies. In some circumstances it may be advantageous for insurance to be held by the business rather than personally.

Health-related risks that can be mitigated through the use of insurance include the risk of the business owner becoming disabled, suffering a critical illness or dying. Insurance can provide the funding necessary to protect the business owner's family in the event of an unforeseen illness, disability or accident. Policies that help meet the needs of the business are available, such as a policy that will continue to pay business overhead costs while the business owner is unable to work.

Life insurance should also be part of a business owner's estate plan, as it could be used to repay any outstanding corporate debt. Among many other possible uses, insurance could fund buy-sell arrangements with other shareholders, settle income tax liabilities arising upon death, or create an inheritance for children who are not taking over the business.

Retirement and Succession planning

Business owners often concentrate on their business and do not fund their retirement on a regular basis. There are a number of tax-advantaged savings options that can help a business owner save for retirement or for when they exit their business. These plans include IPPs, Pooled Registered Pension Plans (available only in certain provinces), TFSAs, Insured Retirement Plans and RRSPs.

Will the business owner sell the business, or establish a regular dividend payment or salary continuance to fund their retirement? A succession plan prepares the owner, the owner's family and the company's employees for the day when the business owner no longer participates in the business.

Professionals active in business transition and succession suggest that planning should begin as early as 10 years before the planned exit in order for the succession to be most beneficial. This will allow time for the owner's children or senior management to grow into their new roles and establish their authority. If the business succession involves selling the business to non-family members, life insurance can be used to protect the vendor by insuring the life of the purchaser; if the purchaser dies prematurely, any outstanding loans could be repaid without depending on company resources.

Estate planning

A business owner should make sure their estate and legacy goals are documented and include plans for business assets – with at minimum an updated Will. A valid Will, and, in provinces that permit it, a secondary Will for business assets to minimize future probate costs is beneficial. At the time that the business owner's Wills are being updated, powers of attorney should also be refreshed, providing authority for trusted individuals to take care of the business should the owner be incapacitated.

A business owner's Will may include instructions for the handling of their interest in the business after their death. Whether it should be reorganized, wound up, sold or maintained as an ongoing concern, it is wise to have appropriate provisions in the Will. It's important to ensure that the instructions in the Will do not contradict existing contracts such as shareholders' agreements, loan agreements and promissory notes.

Conclusion

Having a wealth plan in place helps give business owners added confidence about their progress toward achieving their personal and business goals.

Wealth planning for a business owner can be complex, based on the different realities of their personal situation and business. It is important for business owners to separate their personal financial goals from those of the business, and work to accomplish these priorities as they progress through successive phases of their family and business life cycles with a personal financial plan.

We believe that professional advice and planning go hand in hand. By working with BMO financial professionals who understand the importance of addressing the personal needs of business owners, a business owner can get advice that is tailored to their individual and business needs, and can plan for a stronger financial future.

Working with your BMO financial professional

BMO provides a range of banking services focused on providing financial advice to a variety of clients, including businesses and business owners.

As entrepreneurs venture into a new business, they are often faced with many challenges. This may include managing day-to-day operations and finances, seeking additional opportunities for growth, staying on top of financial responsibilities, and ensuring sufficient funds for unexpected expenses, among many others. With their hectic schedules, entrepreneurs may benefit from working with a financial professional. Financial professionals can alleviate many of these difficulties by providing expert advice on financial tools, better management of finances, and additional connections to other professionals who can help.

There are many services that BMO can offer to business owners. As well as providing short and long-term loans, mortgages, leasing and other financial products, BMO can offer business-related services such as payroll deduction, term deposit receipts, cash management, insurance, electronic fund transfer and credit cards. Business banking also includes more general services, such as introducing clients to one another, identifying economic trends and forecasts, providing information relating to specific industries and explaining financial regulations and requirements. A financial professional can act as a main pillar of support and advice for an entrepreneur, smoothing the transition into a new venture.

A strong relationship between a business owner and their financial professional can play a big part in the financial success of a company. When looking to establish a new relationship with a financial professional, consider their previous experience with your industry and how well their educational materials resonate with you. Being able to establish and maintain a good relationship will help your business in the long run.

When you have selected the financial professional that you want to work with, the focus shifts to maintaining that relationship. The keys to this relationship are building trust and keeping an open line of communication.

There are a few things that make this easier:

- **Having a business plan**
- **Making frequent progress reports to your financial professional**
- **Scheduling meetings regularly**
- **Keeping track of loan repayment deadlines**

For a business owner, a financial professional can be the difference between good or poor financial health for the company. Please reach out to your BMO financial professional to see how they can help your business grow.

Choosing the right **business structure**

Of all the decisions to be made when starting a business, one of the most important is the type of legal structure the business owner selects for their enterprise. This decision impacts both the owner and the business in many ways: tax liabilities, the administrative complexities, the management of debt, and the extent of personal legal liability for the owner.

Choosing the legal structure is one of the first steps in starting up a business. The structure that makes the most sense will depend on individual circumstances. Each business structure has advantages and disadvantages that will be integral to the personal and business success of the business owner.

The business structure influences everything from day-to-day operations, to taxes, to the amount of personal assets at risk. The business owner should choose a structure that gives the right balance of legal protection and benefits.

Choosing an appropriate business structure that meets your needs is an important decision

There are four types of business structures:

sole proprietorship, partnership, corporation and co-operative

Sole proprietorship

A sole proprietorship is the simplest way to organize a business. It is the least expensive to set up and register and the easiest to manage, due to less onerous government reporting requirements. In this business structure, the business assets are owned personally, such that the business owner has complete control over business decisions and receives all of the profits earned by the business.

In this structure, the business owner is usually considered to be self-employed. Little or no capital is required to set up the business, but raising capital later may be difficult due to the inability to issue shares in exchange for capital.

As a sole owner, the business owner is personally responsible for all debts and obligations related to the business; this is referred to as unlimited liability. This means that the owner's business and other personal assets are subject to claims by creditors to satisfy any unpaid debts.

All profits go directly to the business owner, so net business income is taxed as personal income. The business owner must file a personal tax return to report all business income or losses. If the business is performing poorly, business losses can be deducted against other income, such as investment or rental income.

In a sole proprietorship, the owner generally performs all of the functions required to set up and manage the business. It may be difficult to attract other employees, and when the business owner wants to retire it may be difficult to ensure the continuity of the business.

Partnership

A partnership is a non-incorporated business established by two or more individuals to combine their resources and share in the profits and expenses. This type of business organization is usually easy to set up and manage, but it is highly recommended that a written partnership agreement is drafted at the beginning of the relationship between partners to address operating procedures. A partnership agreement should be reviewed regularly and updated as circumstances require.

This business structure combines the financial resources and the unique skillsets of the business partners. While this means there are "more hands on deck" to control and manage the business, the division of authority may potentially lead to disagreements or conflict between partners when making important business decisions.

The written partnership agreement is a useful tool for managing the business effectively and minimizing conflict. This legal agreement should clearly define the terms of the business, provide a process for conflict resolution, and state how profits or losses will be shared. It should also describe the steps and outcome on the dissolution of the business, as well as on the death or incapacity of one of the partners. It is important to seek the advice of a legal professional when drawing up a partnership agreement and ensure the protection of the individual interests of the partners through independent legal advice.

There are two types of partnership: general and limited. The extent of personal liability for each partner is dependent on the type of partnership. In a general partnership, each partner is jointly and personally liable for all the debts and obligations of the partnership. This is known as unlimited liability. In a limited partnership, a partner can contribute to the business without being involved in its day-to-day operations, and so is not personally liable for the debts of the business. A limited liability partnership is most commonly used by professionals such as lawyers, accountants and doctors.

The partners of the business will share in all the profits and losses of the business (unless otherwise provided in a partnership agreement), and these will flow to the individual partners. The individual partners will report their share of the net income or loss on their personal income tax return.

It is difficult to raise additional capital for the business from third parties since there are no shares to exchange for capital. Such capital may need to be sourced from operating profits or the partners' own personal assets.

Compared to a sole proprietorship, business continuity in a partnership is easier as it is less reliant on one individual. Hence, it is important that a partnership agreement is in place to describe how to deal with the exit of one of the partners from the partnership.

If you are considering setting up your business as a partnership or investing in a partnership, you should consult with legal and tax professionals for advice.

Corporation

The most common type of business structure is a corporation. Corporations are complex, with more onerous reporting requirements, and thus tend to be expensive to set up and operate. Depending on where a corporation operates, additional federal and/or provincial incorporations or registrations may be required, resulting in more legal and accounting fees. Corporations are heavily regulated, which leads to a number of reporting and disclosure requirements such as detailed financial statements and tax filings. This type of business organization is a legal entity that is governed by its incorporating document – the Articles of Incorporation. It is separate from its shareholders but controlled by the shareholders through directors of the business elected by them. As a separate legal entity, a corporation can borrow or lend on its own account (subject to the articles), incur legal liability and continue operating as a business on its own without relying on any one individual.

A significant advantage for the shareholders of a corporation is limited liability. The shareholders are not personally liable for any of the debts and obligations of the corporation, and their personal assets are protected from creditors unless the shareholder has made a personal guarantee for a loan to the corporation. Shareholders can benefit from reduced tax rates for business income received by the corporation, a possible tax deferral, and an exemption from capital gains tax when the shares of certain types of active businesses are sold. Shareholders of a corporation can also benefit from more sophisticated retirement planning, including the use of Individual Pension Plans, Retirement Compensation Arrangements and estate freezes.

A corporation is required to file an annual corporate tax return, in addition to the personal tax returns of the shareholders. Unlike a proprietorship or partnership, corporate losses cannot be used to offset income on a shareholder's personal tax return.

The shares and ownership of a corporation can be easily exchanged with the sale and purchase of corporate shares, which is advantageous for the continuity of a business structured as a corporation. This exchange makes it easier to raise capital for the business and also will not impact the continued operation of the corporate business during the exchange.

Finally, a corporation can be public – that is, traded on a stock exchange – or private. It may also be classified as a professional corporation, which is most often the business structure of choice for doctors, dentists and lawyers.

It is advisable to seek professional tax and legal advice before incorporating a business.

Co-operative

A co-operative is owned by an association of people or businesses that pool their resources to meet a common need. A co-operative offers democratic control where each member gets one vote. Like a corporation, it is considered a legal entity, which limits the personal liability of its members. This also allows the organization to acquire assets, go into debt and enter into contracts.

Co-operatives exist in a variety of economic sectors, such as agriculture, food, social services (e.g., health care, housing), retail and wholesale, fishing, energy, recreational services, and finance (including insurance). It is the least common form of business structure, but can be appropriate for a group of individuals or businesses who pool their resources providing the sale or delivery of products or services, or employment.

Changing the business structure

There may be circumstances, personal or business-related, when it may be appropriate to change the business structure of a company. Some conversions may be simple, such as moving from a sole proprietorship to a partnership, but others may be more complex and costly, such as transitioning from a proprietorship or partnership to a corporation. You may consider changing your business structure as your business develops and circumstances change, but you should seek professional legal and tax advice to determine if it is beneficial and how to do it effectively.

Conclusion

Choosing an appropriate business structure that meets your needs is an important decision and will depend on your personal and business situations. Working with experienced advisors, such as a legal professional and a tax accountant, can help you identify and set up the business structure that is most appropriate for you and your business now, and in the future as your business develops.

Is a professional corporation right for you?

Incorporating allows a business to stand on its own as a legal entity, separate from its shareholders. A professional corporation has similar benefits but follows the additional rules and standards of its governing professional body or association, such as the Law Society of Upper Canada, Engineers and Geoscientists of British Columbia or the College of Physicians & Surgeons of Ontario. Professions that may incorporate include doctors, dentists, veterinarians, lawyers, accountants, engineers and architects. However, this list can vary depending on the province.

There are many advantages to forming a professional corporation, though the benefits vary from situation to situation:

Deferred personal taxation

Businesses and individuals are taxed differently. Corporate tax rates, particularly those for small businesses, are significantly lower than the highest personal income tax rate.

However, new tax rules will limit access to the 'small business deduction' where a corporation (or associated corporations) earns significant passive investment income.

Income splitting with family members

Another potential advantage of incorporation is the possibility to include family members, such as spouses, children or parents, as shareholders of the corporation. This can reduce the overall family tax bill by paying dividends to family members. However, recent tax changes will tax most dividends to 'inactive' family members at the highest marginal tax rate, thereby significantly limiting income splitting opportunities. The main exception available to a professional corporation is for family member shareholders (aged 18 or over) who are actively engaged in the business for an average of 20 hours or more per week.

Capital gains exemption

On the shareholder's death, or on the sale of shares, there may be a capital gains exemption for qualified shares of a small business corporation. In 2019, the lifetime exemption is $866,912.

Remuneration flexibility

A business owner can choose to be compensated by a company salary or by dividends, or other forms of remuneration. This offers a lot of flexibility in terms of personal financial planning options. Additionally, incorporated businesses can access the small business deduction on up to $500,000 of professional income annually, which provides low corporate tax rates.

Tax-effective borrowing

Business owners may be able to borrow funds from the corporation as a shareholder loan, thereby lowering personal financing costs. However, the tax rules preclude access to most shareholder loans, except for certain specific purposes or for funds borrowed on a short-term basis.

Asset protection

Business owners may be protected from business creditors when claims are made against the professional corporation; however, this does not protect business owners from professional liability.

While there are many advantages to forming a professional corporation, it is important to weigh the pros and cons of each unique situation. Given recent tax changes, it is especially recommended for business owners to consult with their tax advisor to understand all implications of professional incorporation.

Reducing risk to you and your family as a business owner

Unforeseen events, such as illness, disability or death, can have a devastating effect on a business owner and their family. Insurance is an important part of a comprehensive wealth management plan, and helps to provide financial protection for individuals, their families and their businesses against the unexpected. It is also a risk-management tool that provides a business owner or incorporated professional multiple benefits, including the potential for significant tax savings.

There are several insurance strategies that may be integrated into your wealth plan to supplement retirement savings, maximize the value of your estate and help protect you, your family and your business.

Supplement your retirement using the corporate insured retirement strategy

As a business owner or incorporated professional, a large portion of your net worth is likely tied up in your company. Even if you have maximized the tax-sheltering opportunities provided by your TFSA, RRSP or Individual Pension Plan, you may still want to consider additional options to help fund your retirement by accessing the funds accumulated in your company. Implementing the corporate insured retirement strategy with a permanent life insurance policy can help you accomplish this by providing several key benefits:

- Life insurance protection
- Tax-deferred growth of funds
- Tax-free access to those funds in the future
- A tax-free benefit for your estate

To implement the corporate insured retirement strategy, your company purchases a permanent life insurance policy on your life. Premiums are structured to build cash value within the policy, so that investment earnings are tax-deferred until they are withdrawn. The premium payments will not be considered a taxable shareholder benefit if your company is both the owner and beneficiary of the life insurance policy.

When you retire, the life insurance policy is leveraged to access its cash value. Leveraging involves having your company arrange a loan or line of credit using the cash value of the policy as collateral. The leveraged funds are used to make taxable dividend or bonus payments to you.

Up to 90% of the cash value within the policy can be borrowed. The company will be charged interest on the loan, but often this can be covered by an additional loan. The total borrowing must remain within lending limits based on the accumulated cash value within the policy to prevent your policy from terminating.

For this insurance strategy to provide the most benefit, you should put it in place well before you retire to accumulate sufficient cash value in the policy to generate the income you'll require.

Tax-efficient succession planning using the corporate asset transfer strategy

Often, business owners let assets accumulate inside their company to take advantage of lower corporate tax rates. This often means overexposure to fixed income investments. The corporate asset transfer strategy helps to diversify your company's portfolio without sacrificing liquidity, while simultaneously maximizing the value of your estate. This strategy can also provide a flexible tax-sheltered investment vehicle for any cash flow surplus in your business.

Your company purchases a permanent life insurance policy on your life and transfers a portion of its fixed income investments to the insurance policy. The policy's tax-sheltering characteristics prevent the substantial erosion of the value of these investments each year. Eventually, when the death benefit is paid, it will be received tax free by the corporation.

The amount that exceeds the adjusted cost base of the policy can be passed on to your beneficiaries tax free through your company's capital dividend account.

Protect yourself, your family and your business

Retirement, illness, disability or death of key personnel can have a major effect on the continuity of your business. There are several insurance strategies that can help to manage such life changes for you, your partners and key employees.

Key person insurance is an effective way to help protect against the loss of an individual critical to the success of the business, whether they leave by choice or due to death, illness or disability. The policy should cover the estimated financial loss to the business as a result of the loss of the key person.

Buy-sell agreements (also known as "buy-out agreements") between business owners offer a degree of protection. In the event of your business partner's death or disability, life insurance is a cost-effective way to fund a buy-sell agreement to purchase shares from your partner's heirs. The premium is low in comparison to the lump sum that could be paid out through a capital dividend account to shareholders for share redemption. Your company will not be taxed on the lump sum, and you can avoid using your personal or business assets to buy out your partner's share of the business.

Life insurance

Life insurance can protect the business, owner, and their family. There are two types of life insurance policies: term and permanent. Both types can be used to ensure the continuity of your business and the financial protection of your family.

Term insurance

Term insurance provides a tax-free lump sum payment to the named beneficiaries of the policy, if death occurs within the policy's term. This can cover funeral expenses, settle outstanding debts or mortgages, and help to replace the income of the deceased. For a business owner, term life insurance costs less than permanent life insurance. This reduces pressure on your capital and can help ensure you have the funds to keep your business going if you, a business partner or a key employee should die unexpectedly. There may be an option to transition to lifelong protection with permanent insurance when the time is right, without having to answer additional medical questions. Term insurance can be used as a cost-effective solution for funding a buy-sell agreement.

Permanent insurance

Permanent insurance, such as policies for whole life and universal life, provides lifetime coverage, as long as the premiums are paid. It can be used for estate preservation, business succession planning, supplementing retirement income, income tax reduction and paying one's final taxes and estate settlement costs.

Premiums for permanent life insurance are higher initially than for term insurance, but generally don't increase with age or if your health status changes. In addition to the life insurance component, there may be an investment component.

Permanent insurance is a key component of the corporate insured retirement and corporate asset transfer strategies discussed previously.

Disability and critical illness insurance

You, your partners and key employees may be vital contributors to your business. But what if one of you became seriously ill or disabled and was unable to work? Such an unfortunate event could have a serious impact on your livelihood and your business.

Disability insurance is designed to help mitigate risk by providing your business with financial support if you or a business partner can no longer work or perform duties because of an illness or injury. If this were to occur, you would receive a monthly payment after a waiting period has passed.

Critical illness insurance pays out a lump sum amount if diagnosed with one of a specific list of illnesses, such as cancer, heart attack or stroke. Once approved, the tax-free lump sum benefit can be used to pay off your mortgage, supplement an income of a spouse or partner who takes time off to help support you, for specialized medical treatments, or to provide funds to sustain operation of your business while you are away from managing the business recovering. Receiving this lump sum doesn't affect eligibility for other disability benefits from company or government health plans.

For a business owner, a disability or critical illness insurance policy could cover overhead expenses related to running your business and also help pay for costs such as rents and employee salaries. It can also be used to fund a buy-sell agreement. These insurance policies provide a safety net to allow you to focus on your health while your business continues to operate without affecting your other investments and goals.

Regardless of your age or stage in life, insurance should be part of a comprehensive wealth management discussion

---

Conclusion

You have worked hard to build your business, but an unexpected event like an illness, disability or death can have a devastating impact on you, your family and your business. It is important to plan for the unexpected, so that recovery can take place and the business can continue to function.

Regardless of your age or stage in life, insurance should be part of a comprehensive wealth management discussion. As well as providing financial protection against life-changing events, insurance can be leveraged to provide tax-efficient strategies for your company and for retirement. Speak with your BMO financial professional to assess your personal and business insurance needs.

Funding long-term goals: **Retirement**

Business owners face many unique challenges throughout their career. Given the uncertainties of the market, reduced diversification of assets and investments and the need to fund their own retirement, retirement planning is one of those challenges. But it does not have to be.

It is common for business owners to invest most of their assets and earnings in their business, especially during the start-up phase. For retirement, they often rely on selling the business or transferring it to a successor, or winding up the business and selling the assets. However, market uncertainties mean they should not rely on these methods to finance their retirement. By having a retirement contingency plan, business owners may avoid many potential risks.

For many people, the biggest worry about retirement planning is how to fund it. Much of a business owner's net worth is tied up in their business, resulting in a less diversified retirement portfolio. It is important to make an effort to diversify the pool of retirement capital, and there are a number of ways to achieve this.

Personal holding companies

A holding company, separate from the operating company, can hold and protect shares and other investment assets not needed by the operating business. Inter-corporate dividends from the operating company can often be received tax-free by the holding company. However, recent changes to the tax law may re-characterize these distributions as a taxable capital gain.

Registered Retirement Savings Plans

RRSPs allow business owners to invest up to 18% of the "earned income" they received in the previous year, including salaries and bonuses, but excluding dividends. RRSPs are a good way to save for retirement on a tax-deferred basis, but have a maximum contribution limit.

Individual Pension Plans (IPPs)

As an alternative to RRSP contributions, IPPs offer business owners another way to fund their retirement. The contribution limit of an IPP depends on the age of the plan holder, and may provide generous contribution room. Other benefits include creditor protection, a guaranteed income on retirement, and tax-deductible contributions to the plan by the company.

Salary versus dividends

Business owners can choose to receive a salary or to take dividends from the company. A salary creates a tax deduction for the business and allows business owners to benefit from personal income tax deferral by contributing to an RRSP (or IPP). Dividend income does not earn RRSP contribution room and does not create a tax deduction. However, by foregoing a salary or bonus payment, business income can be retained within the corporation, allowing for significant tax deferral and higher after-tax income upon the eventual distribution of a dividend, which is eligible for the dividend tax credit. This option is especially beneficial to business owners who don't require significant funds personally, but need cash flow within the business. On retirement, business owners can continue to receive taxable dividends as a shareholder.

Tax-Free Savings Accounts

TFSAs are a good way to save, invest and withdraw money in a tax-free environment. However, contributions are limited to only $6,000 each year. A TFSA could be a good option as an emergency fund for retirement. Since emergency funds need to be liquid and accessible, the investments held are more likely to be cashable and interest bearing which is the least favourable taxable income, yet it would be acceptable inside the TFSA.

Retirement planning is an important process that business owners must make time for throughout their career. With the variety of funding options, it is best to speak to a BMO financial professional to determine the best retirement planning strategy.

Overcoming gender barriers to success in business

Operating your own business has its benefits, ranging from flexibility and independence to high income-earning potential. However, business owners also face many drawbacks, from the need to manage day-to-day operations and seek new opportunities to grow and expand to funding their own retirement, among many others. There is a great economic opportunity to support women and their businesses in Canada, but they are underserved.

Gender differences among business owners

Female business owners tend to be motivated by the necessity to generate income to meet their financial needs, and often start a business because they see a problem and they want to provide a solution. Whereas male business owners are more motivated by economic independence – to do what they want and when they want.[1] This is likely related to the finding that women tend to focus on building long-term business relationships and design their business to grow and adapt over time, while men tend to favour rapid growth in preparation for the future sale of the business. Contrary to popular belief about risk-taking, risk tolerance is influenced more by interest, confidence and desire for independence than by gender. However, women generally prefer to make risk-related decisions to advance their business interest, while men often see risk-taking as a means to achieve financial security.[1]

Opportunities to support female business owners

For women, there are often additional barriers that hinder business development. For example, they may face greater obstacles in acquiring loans from financial institutions. These financial barriers lead many women to self-finance their business, which may prevent them from growing their business to its full potential. Consider establishing a relationship with financial institutions well before loans are needed. Become informed and understand what is required to prepare a strong business case when seeking funds. Aside from financial obstacles, there are also social issues that still limit the degree to which women can focus their full attention to the operation of their business. Women are still disproportionately responsible for managing the household and they tend to be the primary caregiver for children or other family members.[2] Consider tapping into your network for support, seek mentorship opportunities or take advantage of programs such as Futurpreneur and Women's Enterprise Centre for support, possible funding and additional business knowledge.

Women strongly positioned for success

Women entrepreneurs are profitable and the fastest growing segment in Canada. Women represent a growing percentage of the work force, and the number of women who are self-employed and own an incorporated business has increased steadily in the last decade. A BMO study[1] found that over two-thirds (68%) of female-owned companies reported capturing a larger share of their existing market through innovation. Additionally, businesses with majority female ownership reported the highest instance of average yearly revenue growth of more than 20%. Women are clearly thriving as business owners, but there are opportunities to support and enhance their growth.

To help female business owners, BMO has set-up key partnerships and sponsorships to support the women's market by optimizing on networking opportunities. Talk to your BMO financial professional to learn how we can help you succeed and achieve your personal and business goals.

[1] Are there gender differences among entrepreneurs?, BMO Wealth Insight, BMO Wealth Management, September 2016.

[2] Women in Wealth: A financial golden age has arrived., BMO Wealth Insight, BMO Wealth Management, March 2015.

When is the **right time to sell?**

How should you prepare your business for a potential sale?

As a business owner, deciding when to sell your business takes careful planning, and must take your long-term succession plans into account. Planning for the sale well in advance allows you to prepare your business so that you're in a position of strength to negotiate and maximize the proceeds of the sale.

Have a clearly defined strategy

In order to maximize the sale proceeds, pre-sale planning is key. Business owners often decide to sell for very specific reasons or in response to particular events, which may often be negative. Too often, major problems – known only to the owner – such as large capital expenditure requirements, changing market conditions, increased competition, working capital shortages, or age and health issues are around the corner and are prompting the business owner to sell. As a result, a high level of anxiety may exist during the sale process if the owner is anxious to sell before these concerns become reality. In contrast to this all-too-common scenario, the decision to sell should be a long-term strategic decision, not a short-term reaction to negative developments.

Ideally, you should start to plan the sale of your business well in advance of actually selling. Once you have an effective plan in place, you can fine-tune it when the timing is right to sell. In this way, you will be better able to negotiate from a position of strength and to maximize the proceeds of the sale.

Before committing to a sale, it is very important that you understand the implications of selling. These questions can help clarify your motivations and ensure you have fully considered the implications:

- What is your motivation for selling at this particular time?
- Are there alternatives to selling that may accomplish your objectives?
- Is the timing appropriate?
- Have you considered the personal and corporate tax implications?
- How will the net proceeds of the sale be invested and what return do you anticipate?
- Are you going to remain in a management position after the sale?
- Are you genuinely committed to the sale of the business?

After thoroughly exploring these questions, you can more effectively plan for the sale of your business. Remember that once a sale agreement is executed, the decision is likely irreversible. Before exposing your business to the market, you should clearly understand your reasons for selling, what you expect the sale to achieve, and how you will realize your objectives after the sale.

Positioning your business for sale

Having made the decision to sell your business, ensuring it is in the optimal condition will achieve the best possible price. To do this, you'll need to carry out an assessment of your company's strengths and weaknesses. There are a number of important areas that need to be reviewed.

Information

Access to information and updated record keeping plays an important role when dealing with potential buyers for your business. Providing timely and accurate responses to requests for information gives prospective buyers confidence about the stability of your business and their potential acquisition.

Management structure

In reviewing your management structure, consider these questions:

- Is there a full complement of capable managers in place who are willing and able to manage the business themselves, or under new ownership?
- How will existing management react to a change in ownership?
- What is the reputation of your team within your respective industry? How are they rated for reliability and integrity?
- Are there individuals within the management team who could jeopardize the successful sale of your business? If so, what concessions might be used to bring them on side?
- Do business relationships rely solely on you? If so, are you willing to remain in the business after the sale in order to engage in a transition of these relationships?

A weak management team can be a detriment, so it may be prudent to postpone a sale until appropriate adjustments have been made to the management team if there are problems in these areas.

Financial statements

Review your financial statements to confirm whether the company's financial position should be restructured. Frequently, financial restructuring can result in a higher sale price. Redundant assets should be identified and either sold, or otherwise discarded. Consideration should also be given to the separation of real estate assets from operating assets. The return on real estate may be less than the return on the business, and therefore not fully taken into account in the pricing of the business. In determining the price of the business operations, a multiple is typically applied to earnings reflecting the value of the operations excluding any real estate assets that are used to run the business.

Corporate record keeping

The company's corporate records, such as its incorporating documents, minute books and share register should be organized, up to date and readily accessible. Copies of major contracts, such as leases and other important business documents should also be available.

In preparing your company for sale, consideration must also be given to contingent liabilities and any outstanding litigation (pending or anticipated). As far as possible, such legal matters should be dealt with prior to the sale, or clearly disclosed at the outset of any discussions with a potential purchaser. Similarly, the company's tax status should be reviewed to minimize the likelihood of unanticipated income tax reassessments from prior years.

Prepare your business so that you're in a position of strength to negotiate and maximize the proceeds of the sale

Operational analysis

The perception of a well-run business is an extremely valuable asset at the negotiating table. In most companies, there are some problems that may have been overlooked, or had solutions that have been deferred. Any such matters should be corrected prior to selling the business. For example, are the corporate marketing materials and digital presence up to date? Is the plant clean and tidy, and are the machinery and equipment in good working condition?

Other considerations

In addition to ensuring your business is in a marketable position, you must also understand your company's bargaining position. Analyzing your company's strengths and weaknesses allows you to better understand its position in the marketplace. Expect the purchaser to evaluate the company thoroughly, and be aware that any deficiencies will be subject to negotiation. Adequate preparation and/or disclosure at the proper time can help reduce the impact of any deficiencies that may exist.

Assess the prevailing economic conditions, such as interest rates, economic growth and industry conditions to determine the optimal timing for sale. A seller with a short-term sale horizon could find it difficult to obtain their desired price if economic conditions are not favourable at the time of negotiation.

Receiving an unsolicited offer to sell your business

At any time, a successful business owner can be approached with an unsolicited offer to buy their business. This offer can come from an industry leader looking for a strategically identified acquisition target, a broker who is working on behalf of a legitimate buyer or someone who is simply attempting to find their next business opportunity.

When dealing with an industry insider or a broker representing a legitimate buyer, ask the following questions to help you understand the other party's motivation before sharing any information about your business or your interest in selling.

- Why has your business been identified as a potential candidate for acquisition? The response should reveal how much the purchaser knows about your business.
- What is their acquisition strategy? Some purchasers are simply looking for a business that can accelerate their growth in a specific industry, while others may be shopping for intellectual property or product lines.
- Do they want to maintain your management team and staff? Most business owners feel a strong sense of loyalty to their staff and want to ensure that they will be taken care of by a new owner.
- Would they want you to continue running the business during a transition period? Generally, a relatively short transition period works best for both parties.
- How do they typically value the businesses they acquire? The purchaser may not tell you how much they are willing to pay for your business up front. But if you understand their valuation methodology, you can apply that knowledge to your situation without divulging confidential financial information.
- If other companies have been acquired by the prospective buyer previously, what has been their experience? Contacts within those businesses can tell you what worked well with the transactions and why.
- Are they considering other potential acquisitions at this time? This will give you a good indication of where you stand on their priority list. Serial acquirers usually have several deals in the works at any given time, and it could take a while before senior management is able to focus on your acquisition.

Taking the next step

If you're feeling comfortable with the prospect of selling your business after your initial conversations, a confidentiality or non-disclosure agreement should be signed with the potential buyer before sharing any confidential information about your business. This will ensure that financial information and employee details are not made public should the deal fail.

Seek professional advice

If you are a business owner contemplating the sale of your business, setting your goals, visions and your exit plan early is critical for success. It is very important to engage a business succession planning specialist before you make any decisions about selling your business. Once you decide to proceed with the sale of your business, consider engaging a professional advisor to assist you in the negotiations. Unlike purchasers, who may acquire a number of companies over time to fulfill a longer-term corporate strategy, most business owners have never sold a business and, consequently, may have difficulty separating the pragmatic decision-making role from the emotional aspects of the sale.

If you're considering selling your business, contact your BMO financial professional who can refer you to the appropriate professionals for assistance and advice.

Who will take over your business?

This question is an important part of the decision-making process for business owners hoping to sell their business. Every business is unique, so the right answer will vary, but there are a number of different types of potential buyers for your company.

Strategic buyers

These are buyers within the same industry, including competitors, suppliers, or even customers. They usually have strong knowledge of the industry and sales processes, such as the competitive landscape, regulatory considerations and other value drivers. Potential synergies may occur, allowing for smoother and less costly operation for the buyer. This type of buyer is more likely to offer a higher price.

Financial buyers

Financial buyers are generally private equity investors. With a short timeline for their investment, private equity investors usually buy a business, grow it, and then sell it at a premium. This allows their interest in enhancing business performance to align with that of the current business owner. However, financial buyers have a more conservative price range in order to reduce risk. Additionally, depending on the strength of the management team, the owner may have to remain engaged in the business throughout the transition period.

Internal buyers

These are people within the company, such as management or employees. The benefits of this type of buyer for the business owner are a smoother transition, less disruption in operations and more confidence in the ongoing leadership of the business. However, internal buyers will often provide payments over time as opposed to full payment of the purchase price.

Family buyers

Selling to family helps continue the legacy of the family enterprise and transfer shares to the next generation. The payment transaction can be less direct than for other types of buyers, and may be payments over time, estate freezes or funding through a mix of sweat equity and bank debt. However family dynamics may come into play, leading to disputes over the distribution of parents' estates to children and disagreements about business decisions between the older and younger generations. Open communication is especially crucial with this option to maintain family harmony and business health.

The type of buyer a business owner chooses depends on their situation, including the need for asset liquidity, hopes for the future of the business, and if they want to continue to be involved in business operations. To find the best strategy for exiting your business, talk to a BMO financial professional.

What's next for you?
Building your legacy with a private foundation.

Many owners find it difficult to part company with the business they have nurtured and developed into a successful enterprise. Having devoted so much time to their business it becomes a part of their identity, and it can be hard to replace the sense of purpose and fulfillment it represents. When the exit phase of the business life cycle approaches, many business owners will ponder what is next for them and for the business that has been their life's work.

After transitioning away from their business, many business owners struggle to manage their newfound freedom, and may experience a sense of loss of the identity and community that their business once provided. It can be a disappointing end to a venture that gave the owner pride and a sense of accomplishment. A thoughtful transition should be a multi-year process that provides ample opportunity to focus on how to use that freedom to provide purpose and community, and to transform the business into a lasting legacy.

The business owner will want their legacy to continue after the business, and the key is to find activities that match the values and preferences of the former business owner. One way to enhance your legacy and develop identity and community post-business – and to enhance your legacy – is to explore charitable giving.

Do you want to have a sustained impact on your community or in an area that interests you? Would you like to take a strategic approach to your giving? Do you want to involve other family members in your giving, or to pass on your philanthropic values to your children and grandchildren? There are many ways to give meaning and structure to your philanthropy and a private foundation is one such way.

What is a private foundation?

A private foundation is a philanthropic vehicle that can provide great flexibility for charitable giving by you and your family. It is constituted and operated exclusively for charitable purposes and can be structured as a trust or a not-for-profit corporation. Most foundations fulfill their charitable purpose through the disbursement of assets to registered charities or other qualified organizations. Private foundations can also carry out their own charitable programs.

What are the advantages of a private foundation?

A private foundation provides flexibility for donors wishing to take a more strategic and long-term approach to giving. The donor and the donor's family are generally trustees or directors of the foundation. As such, they remain in a position of influence or can control many aspects of the foundation's operations including decisions on:

- How assets owned by the foundation are invested
- Distribution of income earned by the foundation
- Grants made by the foundation to registered charities

The foundation can be named for the donor or the donor's family. This is an opportunity to create a lasting philanthropic legacy that survives the founder's death and can be created in perpetuity.

Is a private foundation right for you?

If you are considering giving through a private foundation, there are some key factors to be taken into account:

- Would you like to have an organization that reflects your interests?
- Do you wish to be personally engaged with the process of giving and directing how the funds are spent?
- Do you want to engage your family in a cause or project in your community?
- Are you interested in taking a hands-on approach with grant-seekers?

How is a private foundation established?

To be a registered charitable foundation, the entity must apply for and be granted registered charity status by the Canada Revenue Agency (CRA). This involves crafting the constituting documents of the foundation and other governance documents, such as the by-laws, and then making an application to the CRA Charities Directorate. It is advisable to retain a lawyer experienced in charity law.

How do you fund and operate a private foundation?

Funding can come from personal, family or business assets. In order for a contribution to qualify as a gift for tax receipting purposes, it must be a transfer of property by the donor for which no consideration is expected. The operations of a private foundation are generally managed by directors or trustees, the majority of whom are related by birth, marriage or business. While the investment of the assets of the foundation can be managed by the trustees and directors, usually these powers are delegated to an investment management firm. Federal law requires that a minimum of 3.5% of the investable assets be disbursed each year for charitable purposes. A professional investment manager would ensure that capital growth is maintained, and the 3.5% disbursement quota is met from the annual investment revenue.

To enhance your legacy – **is to explore charitable giving**

The tax treatment of gifts made to a private foundation.

Gifts of cash and publicly-traded securities to a private foundation are eligible to be tax-receipted for the property's fair market value at the time the gift is made.

An individual can claim a donation tax credit to reduce personal tax liabilities, and a corporation can offset corporate tax liabilities, subject to an annual net income limitation. A special donation incentive applies when publicly traded marketable securities that are listed on the stock exchange are donated to a private foundation.

Many private foundations are created to coincide with a significant event in the founder's life, such as the sale of a business. The sale of a business can result in a tax liability as well as significant cash proceeds so the establishment of a private foundation at this time can provide some tax relief to the business owner. For more information on the tax treatment of gifts made to a private foundation, you should seek advice from a professional tax advisor.

Transitioning away from your business is not easy; pursuing philanthropic interests can be just as rewarding for business owners who are proud of the legacy they have created during and after their business endeavour. Creating and giving shape to one's charitable giving through a private foundation can be gratifying while also an exciting learning experience for those who are new to philanthropy. Planning in advance can make the philanthropic journey rewarding and more efficient.

We suggest that you speak with one of our philanthropic advisors at BMO Wealth Management about whether a private foundation is the right choice for you.

Giving back

There are many ways to give back as you near the exit phase of your business. While starting a private foundation is a popular method to create a legacy for your family, other strategies may better fit your needs and situation. Aside from the benefit of helping others, a major benefit of charitable giving includes tax credits that can be claimed for up to 75% of your net income for the year.[1] Generally, almost any property of value can be contributed as a charitable donation, with some restrictions around non-cash gifts.

Private Foundation

A private foundation is a philanthropic vehicle that can provide flexibility for your planned charitable giving, and can involve family members to promote family philanthropy and build a legacy. The design of private foundations requires careful planning, and involves both up-front and ongoing administrative costs.

Donor-advised funds

A donor-advised fund gives investors the ability to create a lasting impact on the causes that matter to them. The BMO Charitable Fund Program allows you to set up a donor-advised fund in collaboration with the Gift Funds Canada Foundation. In this way, you can make a charitable contribution to the fund and obtain tax-saving benefits, while having the flexibility to make disbursements to your designated charitable beneficiaries over time.

Types of gifts

Appreciated securities

When you donate qualifying publicly traded appreciated securities directly to a charity, any capital gains that would have been incurred on the eventual sale of the securities will be tax free. Whereas an individual will receive a tax credit for the charitable gifts, corporations are entitled to a deduction equal to the value of the gifted property. For charitable deductions claimed each year, similar to individuals, corporations are also restricted to a maximum of 75% of their current year's net income, with the potential to carry forward any excess for up to five years.

Life insurance

Donating a life insurance policy to a registered charity is another popular strategy for giving back. This can be achieved in several ways:

- Make the charity the beneficiary – upon your death, the charity would receive the death benefit proceeds and your estate would receive a tax receipt for the full amount of the proceeds.
- Make the charity the owner and beneficiary – a donation receipt based primarily on the cash surrender value of the policy is issued and all future premiums paid by the insured are considered charitable donations eligible for a charitable tax credit.

Life annuity

Donating a life annuity can make a significant gift without impacting your need for retirement income. You can use a portion of your capital to buy a life annuity to provide a lifetime stream of income, and the remaining capital can be donated to the charity of your choice.

With the number of avenues available for charitable giving, choosing the right option for you may be challenging. Let your BMO financial professional help you decide how you can make giving back a rewarding experience.

[1] For donations made in the year of death the credit limitation is increased to 100% of the deceased's net income. In Québec, the 75% limitation does not apply for 2016 and subsequent taxation years in calculating the qualifying Québec provincial donation tax credit.

Leaving your **mark**

"Only eat one steak a day, share what you have created and enjoyed, and leave your mark in some small way" was Arnold Rosenberg's philosophy as he neared his retirement. This sentiment is common among successful business owners.

Arnold started his career as a systems engineer when computers were in their infancy and took up an entire floor of an office building. Frustrated with the bureaucracy in his civil service job, Arnold decided to start his own business. He opened an office in Ottawa to implement and market his ideas for software development. The business grew quickly to become a major developer and distributor of educational and scientific software with an international customer base.

At 61, Arnold began to think about exiting the business and ending his day-to-day management role. "You look in the mirror and you see a little grey hair and realize that you might not be around forever," he says. This realization is especially bittersweet for business owners, as it may mean letting go of the business they built from scratch.

Arnold knew this was an important stage in the life cycle of his business. "We put a lot of effort into getting trained and prepared for our careers ... but very few people put the same time and effort into planning their retirement." Many people only start planning for their retirement late in life, but retirement planning should really be a career-long process. For Arnold, building his business gave him access to legal, financial and tax professionals who were knowledgeable about retirement. He took advantage of their expertise and planned for his retirement early. "At the time, it did take quite a bit of effort, but now I have the freedom to consider my options and my kids have the freedom to choose what kind of role they would like to play."

With a retirement plan already in place, Arnold had more time to focus on the transition of his business as he plans to exit. "Many people in my position are looking to their kids to carry on the family legacy, but I've always thought that puts an unfair burden on the next generation." With a son in banking and a daughter practising law, Arnold believes that his children can choose their own career trajectories: "If they want to become involved with the business, it should be entirely their decision."

Since Arnold's children had not expressed strong interest in running the business, a share-option plan could be a good way to keep talent within the business. This would allow Arnold to provide employees with incentives while still retaining control.

Wanting a tax-efficient way to transition his assets to the next generation, Arnold set up a holding company jointly owned by his two kids. "They have no votes, but technically have all the financial benefits. It is essentially more of an investment portfolio than anything else," he explained. This strategy allowed him to manage the tax implications of his business for his estate. However, Arnold should also be prepared to use third-party mediators for conflict resolution if his children disagree about the business.

Today, Arnold continues to enjoy contributing to his business, and jokes, "it's quite possible they're going to end up having to carry me out." As his responsibilities in the company are transferred to new management, Arnold hopes to be more involved with charitable efforts in his community: "Perhaps, I could get a group of friends together and we could take on a project, doing what is required, and maybe using what influence I have – that's something I would really enjoy doing."

Aside from giving his time, Arnold plans to contribute some assets to charities he supports upon his death. "These will be anonymous donations – I have no interest in being known for my good deeds, but I feel there are certain charities that are deserving of my money." Alternatively, Arnold could consider creating a private foundation or donor advise fund to give during his lifetime. This will also help him achieve a personal goal of tax minimization.

With his proactive retirement and exit planning, Arnold has established a structure that ensures the stability of his business and gives his children the flexibility to make their own career decisions.

Acknowledgement

This client story is abridged from Sarah Kruger and Sean Foran, Succession Stories from the Front Line (BMO Bank of Montreal, 2008), 79–85.

Closing remarks

BMO Wealth Management provides services that can help you develop a customized wealth management plan tailored to your lifestyle, business and goals. Our strategies evolve as circumstances change to help deliver on your current and future wealth management needs. Our advisors work to understand your needs and to recommend a holistic wealth solution that encompasses your financial situation, your personal and family objectives and your stage in life.

Who do we help?

We serve a broad spectrum of clients, including ultra-high-net-worth and institutional clients, from individuals and families to business owners and entrepreneurs, professionals and executives, and corporations and institutions. We operate in Canada, the United States and in select global markets, including Asia and Europe.

For a business owner, we can help untangle your personal and business wealth plans, allowing you to focus on growing your business. We can also provide guidance on business transition and succession planning when you are ready to move on to the next chapter in your life.

We understand the unique challenges professionals and executives face: from concentrated stock positions, stock options and restricted stock to special borrowing needs. We aim to simplify the complexities that can come with wealth and help build a comprehensive wealth management strategy.

Our wealth management approach is based on helping our clients plan, grow, protect and transition their wealth. We work with you to help develop solutions that match your needs.

Plan

A sound wealth plan is a vital component in achieving your current wealth goals and securing the financial future for you and your family.

Grow

Although no one can fully predict the future, our wealth management professionals will work with you to help you grow your wealth; you can also use our self-directed services to develop your own solutions.

Protect

The careful balance of risk and reward is one of the primary benefits of professional wealth management, helping to protect your portfolio from market volatility.

Transition

We will work with you and your family to put strategies in place to prepare for life changes and help to make unexpected transitions as smooth as possible.

BMO Wealth Management publications

BMO Wealth Management publishes a variety of financial, retirement, tax and estate articles that provide insights and strategies around wealth planning. Speak with your BMO financial professional about other BMO Wealth Management publications that can help you make sound decisions for a better financial future.

BMO Wealth **Insights**

Volume 1 | **Issue 1** | Canadian Edition

Published by BMO Wealth Management

Questions or comments, email:
wealth.planning@bmo.com

Archives page | BMO Wealth Insights
bmo.com/wealthinsights

BMO ®

19-1137