

RICHARDSON GMP EDUCATION LIBRARY



ENTREPRENEURS & SMALL BUSINESS

Charting the course for entrepreneurs or small business owners

Starting, running, growing and possibly even selling a business is easier said than done. While anyone contemplating retirement requires personal financial planning services, small business owners and entrepreneurs can benefit from an additional range of business planning services that can enhance wealth creation through tax minimization and risk management. At Richardson GMP, we recognize the importance of business planning, which can provide structure and stability – let us help you with your personal and business plans so that you can focus on growing your company.

As a business owner, you likely have a team of professionals or stakeholders to help you establish, operate, grow and exit your company. Members of this team could include:

- **Accountants**
- **Tax Professionals**
- **Corporate and Estate Lawyers**
- **Other family members**
- **A family facilitator, especially if it's your intention to pass along the reigns to the next generation**
- **Business team members**
- **Business valuator and/or broker if it's your intention to sell your company**
- **Financial and Retirement planner**
- **Insurance Professional**
- **Pension Specialist (if there is a pension within your corporation)**
- **Investment Advisor**



Tax & Estate Planning

Investment Management & Research

Insurance

The publications provided through our Tax & Estate Planning, Insurance and Investment Management groups are meant to inform and educate our clients on various financial topics and events by providing a framework to help them understand specific financial issues and relationships.

In addition to providing personal financial management services, a Richardson GMP Advisor can also provide or facilitate a number of other wealth management services in coordination with your professional team which are pivotal to the long terms success of your business and personal finances. At Richardson GMP, we take the initiative to ensure both you and your business are well positioned for any stage of the investment or business lifecycle.

Personal and Business Services Needed



To understand our service offering better, let’s explore the various ways a Richardson GMP Advisor can help you. To do so, let’s break down our service offering into the personal and business services needed **“Pre-Transition”** before you exit your business, and the personal services required **“Post-Transition”** when your business has been sold or passed along to the next generation.

Pre-Transition

In the Pre-Transition stage you want to be confident that your business is structured precisely as you’d like and that you and your business are improving profitability while minimizing taxes. However, while a sale or business succession of your company may not occur in the immediate future, you should consider various tax, estate, insurance, and operational strategies that will help you keep as much wealth as possible once you retire and obtain the greatest value possible from all your years of hard work.

Here are some business and personal planning services to consider:

Articulating Long Term Goals

We cannot start to plan without goals. This requires some “blue sky thinking” and setting a vision statement to articulate your long term goals. We can help by facilitating a discussion with you, your business partners, and/or your family. Once you have your goals in mind we can pull all the pieces together to help make those goals attainable.

Succession Planning

It's never too soon to start thinking about your time to exit the business and position yourself accordingly. Why? Because in many cases the components of a well executed exit plan can take time to establish to ensure you exit on your terms while obtaining maximum value for your many years of hard work. In addition, circumstances can change over time, so you need a plan which can adapt to change. Whether you hope to pass along your business to family, sell to a third party or have management purchase your firm you need a succession plan, and developing such a plan should start well in advance of your exit. Let our Tax & Estate Planning group explain some of the issues you'll face and provide solutions which will reduce any uncertainty that may exist when you start thinking about retirement.

Corporate Structure Review

What kind of business do you own and how is it structured? It's easy to focus too much on the day to day operations of your business that you lose sight of how it's structured and how that structure fits with your own personal financial planning. Are holding companies or family trusts applicable or helpful? Are you set up to take advantage of tax breaks or should you consider an estate freeze? Who is going to take over this business and is your structure conducive to ensuring such a transfer or estate equalization will occur? These are all questions our Tax & Estate Planning group can address so that you're well positioned both operationally and financially.

Shareholder Agreement Review

Do you have a shareholder agreement for your business and if so does it reflect precisely your intentions and expectations for ownership today and going forward? A properly structured shareholder agreement should dictate how a business will remain a going concern during a catastrophic period, such as the disability or death of a shareholder. It also describes how a transition should occur and what tax benefits you're entitled to while reducing litigation risk. If you have a plan to gradually transfer control and ownership of your business, a new shareholder agreement should be executed to address future transition agreements. Perhaps you haven't looked at your agreement for some time and decisions made many years ago should be updated. Let us review this agreement for you to make sure your expectations are reflected or to suggest ways you can improve it.

Tax and Accounting Review

Do you love your business but not accounting? You're likely not alone and that's probably why you hire an accountant to manage your reporting and tax affairs. But it never hurts to have a separate set of eyes look at your corporate tax returns to see if any tax saving or minimization strategies can be executed that aren't in place already. If you plan to sell or transition the shares of your corporation, effective planning must be implemented as early as 24 months prior to the sale date; therefore, advanced planning is imperative.

In addition to your corporate returns, a similar review can be performed with your own personal tax returns. Remember that tax legislation changes over time and a regular review of your corporate and personal tax situation is important to ensure that you're taking advantage of all tax credits and minimizing your tax liabilities.

Insurance Review

Insurance is often misunderstood. Many view it as a "what if" product. However, few realize that it can be an incredibly useful financial tool when implemented as part of a tax minimization strategy. Our team is well equipped to review your existing insurance portfolio, if one exists, but let us also explain how insurance can help you keep more of your hard earned proceeds when you decide to transition out of your business or are considering a generational wealth transfer to your family. While we're on the subject of "what if", can you answer any of the "what if" questions that may exist for you or your family if you unexpectedly pass away or are faced with a critical illness that forces you to stop working?

If you don't know the answers then we have solutions that will provide stability and peace of mind no matter what difficult circumstance may come your way.

As a small business owner or entrepreneur you evaluate risk and capitalize on opportunities. The purpose of insurance is to help control or mitigate risk, so let us inform you of how you can do this so that you can put those "what if" questions to rest.

Group Benefits Review

Your business is only as strong as your employees. A properly structured benefits plan is about attracting and retaining key talent, while maximizing the value of every benefit dollar spent. As your business grows the needs and structure of your plan must adapt. Are you paying too much for your benefits or even offering the optimal benefits package? What are your competitors offering? Do your employees recognize the value of the dollars you're investing in their plan? What about group or individual pension plans? Let us review your benefits offering to see if you're providing the best benefits package possible per dollar spent.

Also, if you sell or transition out of your business then attention should be paid to severance or retirement needs for existing employees. We can review and provide solutions to help key employees remain in the business as it transitions to new ownership.

Will & Estate Review

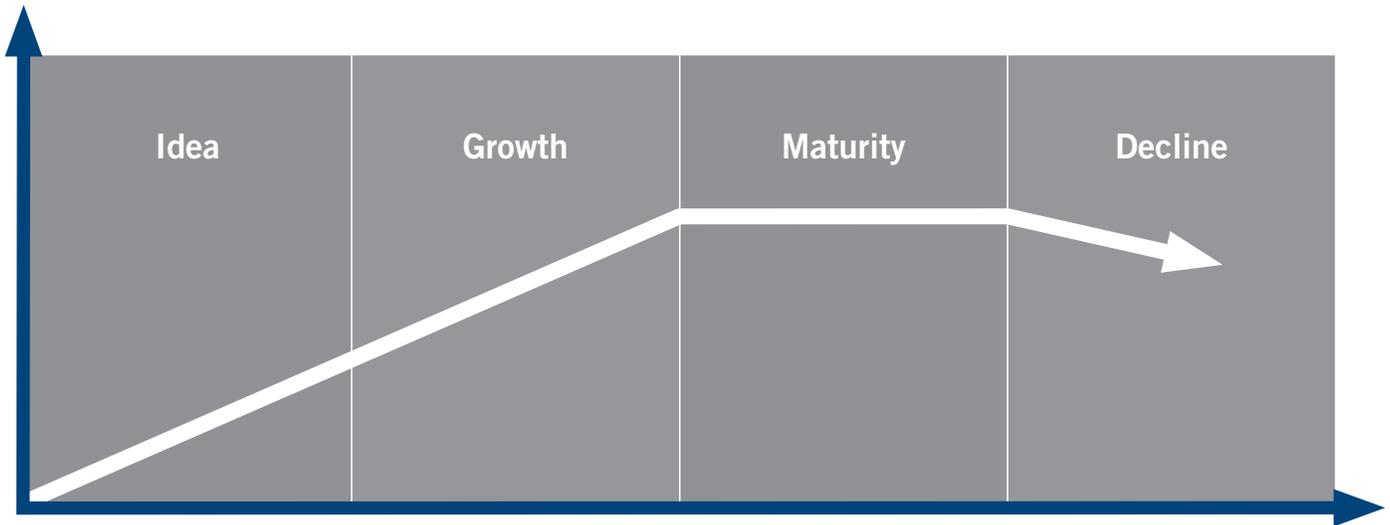
In addition to insurance you can minimize risk and know that your intentions are known and fulfilled by preparing a will. You may assume everyone has a will, but in reality it's an element of estate planning that is often procrastinated or overlooked. If you already have a will then a review to ensure it's up to date can never hurt. In some provinces, a specific "secondary" will planning strategy may reduce probate fees on death of a shareholder.

Investment Management

Small businesses can have a number of investment management needs – two in particular include cash management strategies and competitive foreign exchange if business is transacted globally. Richardson GMP can offer a number of solutions to manage cash balances and can provide competitive exchange rates through our relationship with currency specialist OFX. From a personal planning perspective, we can also offer a wide range of independent investment solutions to help you manage and diversify your own portfolio. You work hard to generate an income from your business, so let us help you invest those returns and help you prepare for retirement.

Some business owners have also created registered pension plans within their corporations to provide for retirement income. Some vehicles to consider include Individual Pension Plans, Personal Pension Plans and Retirement Compensation Arrangements for owners and their key employees. We can help you review the viability of these arrangements.

Business Lifecycle



Business Valuation and Operational Review

The last thing you want to do is exit your business when it's not worth as much as you thought. Every business has its own life cycle and, ideally, you can capitalize at the peak of its evolution. Value can mean different things to different people so it's wise to get well in front of the valuation discussion. But how do you value your company? It's at this stage where we can refer you to specialists who can tell you both what the market would pay for your business and operational changes you can implement to help maximize value.

Family Management

One of the most common discussions or dilemmas small business owners face is how their family factors into future business plans and wealth considerations. Some business owners may find these decisions easy to make while others have greater difficulty not only making these decisions but communicating them to other family members. Unfortunately these discussions can be left too late or simply don't happen at all which can have significant consequences for your business and your wealth if the proper planning strategies aren't implemented. Let us help ask and answer the questions you need to identify when it comes to your family, your business, your wealth and your legacy.

Post-Transition

In the Post-Transition stage your focus moves either to starting another business or to retirement where you hope the proceeds from exiting your business will now provide you with financial independence and comfort. The actual planning for retirement will have already occurred over a number of years, so now it's important to make sure those plans have been properly executed or adjusted if your personal circumstances have changed. You've spent many years accumulating your wealth, now let a Richardson GMP Advisor assist you with the de-accumulation process and the challenges you may face adjusting to retirement.

Retirement Planning - Update your Goals

Now that you've transitioned out of your business, it's time to put the proceeds from that transition to work. A Richardson GMP Investment Advisor will execute your retirement plan; however, it's important to always review your investment objectives, your risk tolerance and your post retirement goals once your business transition is complete. Any changes to these factors will influence your investment portfolio and dictate the after tax returns you'll need to retire comfortably.

Tax and Accounting Review

Now that you've accumulated enough wealth to retire it's time to execute a plan which will provide you with a review of your assets and provide a road map to draw on this wealth in a tax efficient manner to retain as much of it as possible. Just because you have retired does not mean we stop planning for your future – planning is a continuous process!

Insurance Review

By the time you retire you may wonder why you need insurance? Is it really necessary? After all, if you have enough wealth to retire what risk do you have? These are fair questions but they miss the point of insurance later in life which is not to mitigate the risk of you dying but to help pass along your wealth to the next generation with tax efficiency. If you have more than enough wealth to maintain your lifestyle in retirement then we can help ensure that a portion of that wealth can be passed along to the next generation tax free. As we've already noted, valuable group life and health insurance may be lost when you transition out of your business. Therefore, consider your health care requirements so that we can help you replace this coverage.

Will and Estate Review

Was your business a component of your will? If so, a review of your will post transition is always advisable to make sure your intentions have not changed. It's also a good opportunity to review what assets you have and your wishes when it comes to the next generation, other family members, or charitable giving.

Investment Management

In most cases we try to grow our wealth as we work, but then live off our wealth once we retire. Those are two completely separate goals and as such require two completely different investment strategies. You've already set your post retirement goals, so now a Richardson GMP Advisor will implement an investment strategy that will provide you with appropriate and tax efficient asset allocation, risk, and security selection. As our life circumstances change so too must our investments to accommodate that change.

Philanthropy & Charitable Giving

Many people have causes that are near and dear to them and wealth allows them to support those causes. What impact do you want to have in your retirement years and what legacy do you want to leave behind? We want to help make that legacy a reality. Let's have a conversation about your philanthropic goals and implement a plan to put you on the right path. We have helped many entrepreneurial families set up a Family Mission Statement that will draw the entire family into your long term giving strategy. Educate and help your children or grandchildren by allowing them to participate in the choice of charitable donations.

Life After Entrepreneurship

Transitioning out of a business can bring new opportunities, but also significant challenges. Small business owners and entrepreneurs can struggle with how best to approach their new freedom and how to define their legacy.

We’ve helped many Richardson GMP clients with the transition process, so we understand the challenges – personal, financial, and corporate that you may encounter as you set out on the next stage of your life. Let us help make this transition as smooth as possible.

IN CONCLUSION

Small businesses can range from simple to complex which is precisely the same way we’d describe the wealth management services we employ to help our clients. We’ve only touched the surface in this summary, so let our team of professionals from coast to coast dig deeper to provide the service and advice required to take your wealth and business management to the next level.

At Richardson GMP, not only do we help clients manage their wealth, we also believe that education is imperative to properly provide the service they deserve. As such, we have a number of articles which will help you better understand various subjects within the wealth management universe. If any of the following topics relating to small business ownership interest you, please contact a Richardson GMP Investment Advisor for more information.

Professional Incorporation	An Introduction to Trusts
Holding Companies	Alter Ego Trusts & Joint Partner Trusts
Shareholders’ Agreement	Testamentary Trusts
Capital Gains Exemption	Inter Vivos Family Trusts
Business Succession	Taxation of a Trust
Estate Freeze	Will Planning
Sale of a Business	Planning for Incapacity
Business Owners and Retirement	Taxes on Death
Individual Pension Plans (IPPs)	A Guide to Charitable Giving
Retirement Compensation Arrangements (RCA)	Family Wealth Transfer Plan
Topping Up Your Group Insurance Coverage	Estate Bonds

The material provided in this publication is intended for informational purposes only and is not intended to constitute investment, financial, legal or tax advice. This material does not take into account your particular situation and is not intended as a recommendation. It is for general purposes only and you should seek advice regarding your particular circumstance from your personal tax and/or legal advisors. This material is based upon information considered to be reliable, but neither Richardson GMP Limited nor its affiliates warrant its completeness or accuracy, and it should not be relied upon as such. *Updated January 29, 2018.*

Insurance services are offered through Richardson GMP Insurance Services Limited in BC, AB, SK, MB, NWT, ON, QC, NB, NL, NS and PEI. In Quebec, Financial Planning services are offered through Richardson GMP Insurance Services Limited, registered as a Financial Planning firm. Additional administrative support and policy management are provided by PPI Partners. Insurance products are not covered by the Canadian Investor Protection Fund.

Richardson is a trade-mark of James Richardson & Sons, Limited. GMP is a registered trade-mark of GMP Securities L.P. Both used under license by Richardson GMP Limited. Richardson GMP Limited, Member Canadian Investor Protection Fund. 18040 29.01.18