

Selling Your Business... Now What?

You are finally monetizing your life's work after years—decades—of hard work in building the business. Maybe it's been a family business for generations and for whatever reasons things are changing and you are looking to do something different. Maybe your kids – or the next generation – are not interested in the family business and as such you have found an interested buyer. Or maybe they have found you. Either way you are coming into some liquid capital and now you are wondering – What do I do now?

Perhaps you never thought of your legacy in the terms of philanthropy—or maybe you are like many Americans in the last couple of decades and have made a concerted effort to become proactive with their giving. You plan to move from “checkbook giving” to the more serious and mindful “professional giving”. So leaving behind the occasional (it always seems to happen in May and November—the “semi-annual season” as many development offices call it) giving to this non-profit or that one and moving towards a concerted and earmarked level of giving where you are looking for impact and judge effectiveness through a series of metrics. Ok so you are not The Gates Foundation but that doesn't mean you can't take your giving seriously—you should—you want to make a difference, right?

First things first—let's go back to the “monetization event” that started you thinking about your legacy in the first place. Many sellers of businesses are not sure if or when their business will sell – but they are sure that they want to use this opportunity to start to make a serious impact with their giving. To start their legacy—something they can be proud of for decades to come. A legacy that can be passed down to children and grandchildren—even great-grandchildren—so their

passions, values and interests live on. What many people in this situation do is to allocate some of the shares in their business to a Donor Advised Fund (DAF). The DAF (and not every DAF will accept these complex assets) will first review the governing documents of your business to make sure that there are no restrictions on the sale or donation. For the year of the donation you will get a charitable tax deduction for the Fair Market Value of the shares (donors need to follow the rules on appraisals—need a qualified appraisal dated no earlier than 60 days before the donation). The DAF will sell the shares and avoid the capital gain and you (and your family) will have the opportunity to direct the proceeds in the DAF to be distributed to your favorite charities—hence the start of your philanthropic legacy.

With the Donor Advised Fund in place you are now ready for the next step—defining your areas of interest—your “Mission Statement”. Many families embarking on this venture want to share the philanthropic experience with their children and family. Many, unsure on how to get started (what areas to focus on, development of Mission Statement, etc.), turn to a philanthropic advisor to determine which giving sectors resonate with family members the most. Some philanthropic advisors facilitate a family retreat (when the entire family is together, say over the holidays) to flesh out the sectors of interest and to discuss philanthropy more broadly (Are we going to give to project-based initiatives only or would we consider general operating support as well? Large national-footprint organizations or smaller, more grassroots organizations?). Just think about the opportunity to work with your family on making a difference—truly the gift that keeps on giving... creating legacies that live on for generations to come.

