

You've Sold It: What's Next?

What to Do with Your Windfall

At any given time, 80% of business owners are thinking about selling their companies. Of this group, three out of four believe they will sell within the next three years.¹

Assuming everything goes smoothly, how will the sale of your business affect your financial outlook? With some care and attention, you may be able to reduce your tax burden, preserve your newly acquired assets, and help provide for your family for many years to come.

Tax Crunch Time?

With current capital gains tax rates well below those of ordinary income, it is important to consider how the structure of your sale could affect the taxes on the proceeds from the transaction. Talk to your tax advisor to determine tax-efficient ways to structure the sale of your business.

A Chance to Save

When you decide how to invest the money from the sale, take into account your age, financial goals, and tolerance for risk. The guidance of a financial professional can be helpful to apply proven concepts such as asset allocation and diversification to your portfolio. Diversification does not guarantee against loss; it is a method used to help manage investment risk.

Your Growing Estate

With your new wealth, you will likely have a much larger estate to manage. You may wish to establish a trust in order to help reduce estate taxes and give you more control over how your assets will be distributed.

The use of these approaches can involve a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional before implementing such strategies.

If you are a business owner who is considering selling your enterprise soon, you may be able to reap even greater rewards by doing a little prep work now.

1) Inc.com, September 8, 2006



A Time to Sell

In 2005, there were
8,115
small-company acquisitions, a
20%
increase from 2002.

Source: CNNMoney, September 22, 2006

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