

Profile: Integrating succession and estate planning to provide a foundation for further growth

Our client is a successful auto dealership owner, overseeing multiple dealerships for a broad range of auto manufacturers across a number of states. As he entered his 70s, he continued to take an active role in identifying, evaluating and buying additional dealerships. When one manufacturer asked him to supply an “after-death clause” (or business succession plan) before selling a dealership to him, he realized that he had no formal strategy for transferring his business. He had always assumed his oldest son and a nephew would take over the company but thought he had plenty of time to plan for the transition.

APPROACH

With the auto manufacturer’s request for an “after-death clause” as a prompt, our client made business succession and estate planning a priority and asked his U.S. Trust® advisor for help:

- The client’s U.S. Trust® wealth strategist evaluated his current will, and drew up a one-page document to show how the assets would be distributed after his passing. The client immediately identified a number of problems with the stipulations (for example, it did not reflect his youngest son’s growing role in the business) and recognized the value of exploring modifications.
- Open-ended discussions about the client’s values, family, business and legacy became the basis for an integrated business succession and estate planning strategy. The client spoke frankly about hopes for family members, relatives and those business associates who had earned his trust.
- Business continuity was a crucial concern. The client asked U.S. Trust to help him ensure that the dealerships would continue to be run by his operating managers after his death.
- Philanthropy was also important. The client wanted to achieve his philanthropic goals during his lifetime, yet overseeing his charitable endeavors had become increasingly time-consuming.

SOLUTIONS

- With the client’s approval of a proposed plan, his U.S. Trust team created a succession planning strategy that met the manufacturer’s requirements for an “after-death clause.” It provided detailed information about who would take over the business if the client died or was no longer able to manage it.
- U.S. Trust and the client created a management committee responsible for making operating decisions for the dealerships in the time between the client’s death and the eventual settlement of the estate.
- At the same time, the U.S. Trust team developed an estate planning strategy that directed the distribution of all his assets, both inside and outside the business.
- Working with U.S. Trust specialists, the client established a private foundation, allowing him to focus his support on the charities he valued most.

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RESULTS

After working with his U.S. Trust advisor, our client:

- Satisfied the requirements of the auto manufacturer for a business succession plan, enabling him to complete the purchase of a new dealership. He went on to buy three more dealerships in the two years that followed.
- Developed a succession strategy to ensure continuity of his business and role clarity for his chosen successors, which contributed to his own comfort.
- Integrated estate planning with succession planning, providing for the financial security of a large, multigenerational family.
- Established a \$50 million charitable foundation. With U.S. Trust's philanthropic specialists easing his administrative burden, he was able to take a more active role in making grants.

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We begin by listening to you, learning about your life, and we work with you to understand your priorities. Your advisor and your team of specialists then build a wealth plan that aligns with your personal values and family goals.

Whether we are managing your portfolio, serving as trustee, or administering an estate, our focus is what best meets your objectives. Together, we develop personalized solutions that address the dimensions of your worth today and the legacy you're building for future generations.

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