

Wealth

Family business dynamics



Wealth planning for generations

A solid plan for wealth is vital for any private business, but particularly a family business. While accumulating and preserving wealth are important in their own right, the 'family factor' must be carefully considered in order to establish financial goals that will span generations.

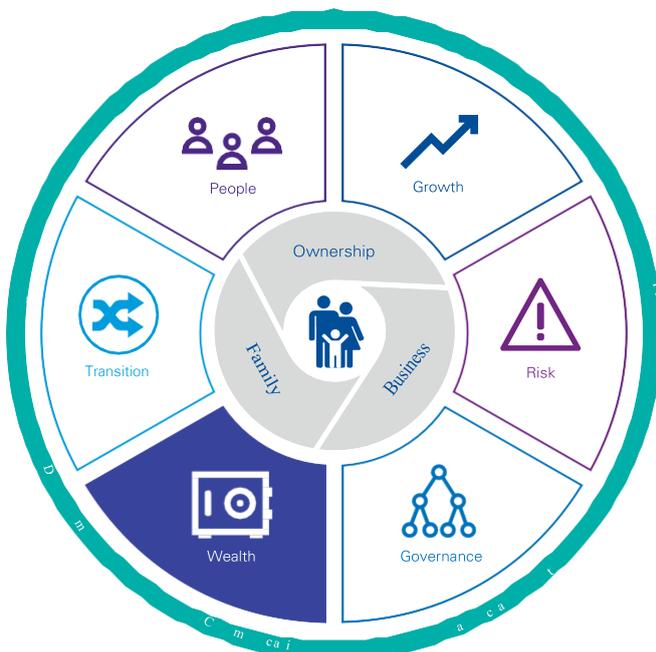
Having a governance structure in place before problems arise will guide decision-making and ensure

open and honest communication. This is especially important during discussions about wealth.

There are several key components for managing wealth including, developing and implementing a wealth management strategy, and monitoring and modifying the strategy to accommodate change.

Family business dynamics

As with your family, your business doesn't stand still — it evolves. Family businesses are unique, at the core lies an important dynamic connecting the family and the business through the family's ownership, which offers both opportunities and challenges. Surrounding each decision you may take, are strong family values and a purpose that helps you navigate the journey ahead. KPMG Enterprise advisers understand the dynamics of a successful business and work with you to provide tailored advice — throughout the lifecycle of your business.



“ A solid plan for wealth is vital for any private business, but particularly a family business. ”

Source: KPMG Enterprise Family business dynamics, 2017

Developing your wealth management strategy

Conducting an inventory is the first step in wealth management. This includes having a full understanding of all the assets (tangible and intangible) associated with the family and with the business, shining a light on gaps and risks that may exist within your current portfolio of assets.

All families are unique, as is every family business and their strategy for wealth. Once an inventory has been created and risk areas have been identified, it is time to ask a few key questions.

- Is there a plan to grow wealth within the family?
- Is the plan to grow the family wealth aligned with the values of the family?
- Have you established a shared vision for the family wealth?
- Does the next generation understand the importance of wealth?
- Do you have appropriate structures in place to grow wealth for the family?

Asking and answering tough questions like these with the family can be challenging. It is important for the next generation to understand that the decisions they make now can ensure ongoing wealth for future generations.

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Case study

Claude and Madeleine Bernard* started their winery in the 1970s. Twenty years later, the winery's profit had increased tenfold and the family had amassed significant wealth. Claude and Madeleine worked with their KPMG Enterprise family business adviser in the early days of their business and continued to monitor their wealth management strategy and readjust it as needed to meet the needs of the family and remain tax effective.

This diligent planning and follow-up meant that not only were they working for their money, their money was working for them. They took comfort in knowing that their children, and even their children's children, would be taken care of for years to come.

The children now run the winery, and they have chosen to follow in their parents' footsteps. They are giving proper attention to the wealth management strategy of the business that was put in place many years ago and are preserving the family's wealth for future generations.

*Actual family business members' names have been changed to protect confidentiality.

Implementing effective wealth strategies

After considering your options, it is time to implement a wealth plan. Your plan could include a combination of the following:

- tax planning strategies, including cross-border considerations
- investment management and diversification of family assets
- insurances
- estate planning (wills, trusts, shareholder agreements)
- charitable giving (foundations, trusts)
- family offices (to manage various aspects for the family, such as investments and trusts).

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Monitoring and remaining flexible

Wealth management is not a one-time event but a continual and thoughtful process. Businesses can change and so can your family situation, through marriage, divorce, and the

addition of children and grandchildren. It is important that while your plan maximizes the value of your assets, it is also flexible enough to change course if needed.



// The subject of money is an eternally contentious one and without doubt raises more anxiety than any other area. //

We're here to help

KPMG Enterprise family business advisers can help you to achieve long-term prosperity and family harmony. We can help with every step of the wealth management process, from putting a governance structure in place to creating an inventory of wealth, devising and implementing a wealth management strategy, as well as ongoing monitoring

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