

## Core Case

### Situation

There were several challenges including:

- Restriction of stock ownership via old trusts established in the 1960's
- Cash flow challenges relative to Chairman's previous estate planning decisions
- Significant taxation consequences of previous split dollar life insurance program
- Double taxation of corporate profits in excess of \$100 million per year
- No cohesive plan for exit strategies, liquidation, or diversification of sibling holdings
- Common ownership of significant real estate (excess of \$300 million) without corporate governance or liquidation strategies addressed due to historical sibling conflicts

### Client Snap Shot

2nd generation family-owned business

Primary operating company has over \$500 million in annual revenue

Net worth of family approx \$1.8 billion

Multi-generational integration into holding company/family office environment

Utilizes some of the top legal and tax advisors from NY, Hartford and Greenwich, CT

### Strategy/Concept/Recommendation

1. Develop an asset protection plan to include Dynasty Trusts for all children and facilitate asset transfers
2. Create shareholder agreements for all children to handle any unexpected issues that might arise from a death, disability, or termination of service from the family business
3. Create a "Family Venture Capital" fund for family investment opportunities
4. Develop and implement a multi-faceted, integrated estate plan which would provide for efficient transfer of assets from generation to generation
5. A complete Policy Review of all life insurance policies

### Results

- Developed mechanisms to provide satisfactory cash flow to Chairman without increasing double taxation consequences
- Changed structure of life insurance to avoid it from being income taxed as well as included in estate
- Developed strategy to prevent personal holding company classification and other family corporations
- Lessened double taxation of primary operating business
- Prevented future estate taxation of the family's holding at future generations
- Developed succession plan for 3rd generation sibling holdings, as well as liquidation strategy for real estate with common ownership

### Resulting Monetary Benefits for Family

1. Immediate federal income tax savings in excess of \$20 million annually.
2. Immediate estate tax savings in excess of \$50 million with future estate tax savings in excess of \$300 million.