



Whittier Trust

FAMILY OFFICE



FAMILY BUSINESS SUCCESS

THREE STEPS TO SURVIVE A GENERATIONAL TRANSITION OF THE FAMILY BUSINESS

As the oldest Multifamily Office headquartered in the West, we bring decades of experience helping families transition their businesses to the next generation. Over the years, we've identified several commonalities among families that have successfully navigated a family business transition.

The following three concepts we believe are essential:

1. Create a family office to organize your family outside of the business.

Generational transitions in a family business can affect morale, liquidity, and security within the family. A family office can be particularly effective in identifying and addressing these issues, especially when family members share interests in complex assets, such as real estate or business stock. A family office also plays a critical role in creating privacy, community, shared purpose, and a safe meeting space for all family members. Designed around your family's unique needs and objectives, your family office can provide education about your family's financial situation, estate planning objectives, and family history. It can help you articulate values, roles, and responsibilities for the business and the family.

Some families set out to create their own single-family office by hiring attorneys, accountants, administrators, trust officers, real estate professionals, and philanthropic advisors. They will also lease out office space to house these professionals and host family meetings. Our clients find significant value in having efficient access to our many resources, benefiting from economies of scale. With over 550 client families with distinct needs and unique family office structures, we are able to deploy the lessons learned and shared knowledge to help families establish their own platform and make critical adjustments as the business and family evolve.

2. Establish a strong foundation.

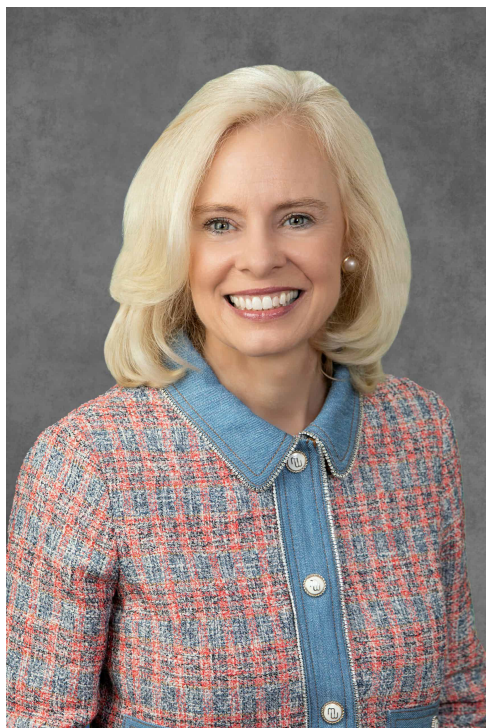
For any family to work together and make decisions collectively, it is paramount that a clearly defined vision, mission, and purpose is articulated, integrating their core values and long-term objectives. There should be a mission statement for the family office incorporating each of these elements that is different from the mission statement for the family business. The ability to effectively communicate and resolve conflict is crucial to longevity and work may need to be done to strengthen this foundation.



3. Design a structure that allows the flexibility to adapt, evolve, grow, and protect the family.

Once you have formed a dynamic family office and created a strong foundation, your family is ready to construct an entity structure that allows for ownership and control to transition smoothly ensuring continued success in a tax efficient manner. If there is one constant we can count on, it is that tax laws will always change. The family office will help keep your family at the forefront of planning ahead for these changes. The entity structure should either benefit from being grandfathered into current laws or have the flexibility to adapt to unforeseen future tax law changes. We've seen the struggle created when an owner dies, and the family hasn't planned for the succession or the estate tax liability. There are many options available today that will reduce estate and other tax burdens and prepare the family and the business for the emotional, financial, and related burdens associated with generational transitions.

Having a skilled advisory team that knows your family and understands big picture objectives can make all the difference. To learn more about Whittier Trust's services, go to www.whittiertrust.com.



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