



VWG WEALTH MANAGEMENT  
*A Hightower Company*

June 2022 Ponderings and Musings  
Grads and Dads

"Make your plans as fantastic as you like,  
because 25 years from now they will seem mediocre.  
You will wonder why you did not make them 50 times as great."

- Henry Curtis

"Genius is perseverance in disguise."

- Mike Newlin

**VWG Celebrates Our Graduates**

Even for those who have children in school, it is hard to fully comprehend the harsh set of abrupt changes, turmoil and obstacles students have endured during the pandemic. The effects on relationships, personal development, athletics and activities, student-to-student, and student-to-professor interactions – for children and young adults of all ages - have been immense. VWG congratulates all students throughout the world who have endured these challenges during the crisis. We admire all of you for your courage, persistence and accomplishments! We extend our best wishes, with

the hope that in some small way, confronting the pandemic has added to the fabric of your being, your strength, resilience and your future dreams. VWG is proud to spotlight five of its own graduating family members:



**Ryan Balow** – Ryan graduated this winter from the Robert H. Smith School of Business at the University of Maryland. He earned a Bachelor of Science

degree in Finance with a minor in Real Estate Development. Due to the COVID-19 pandemic, he had to wait until the spring to finally walk across the stage in the spring ceremony and officially receive his diploma. Ryan now continues his journey by joining VWG. We are very fortunate to have him on our team, and we are certain that he'll achieve great heights!



**Audrey Bolton** – Audrey is the second of Ona and Ben's five girls. She graduated in May from St. Paul VI High School in Chantilly, Virginia. Audrey will be attending the University of Tennessee in the fall. She is interested in medicine and hopes to study kinesiology or nursing. Her longer-term goal is becoming a nurse practitioner or a physician's assistant. Ona and Ben are very excited to watch Audrey's development and the path to which her hard work will lead.



**Lindsey Grinspoon** – Lindsey is Marnie and Jeff’s oldest daughter. She graduated from University of Wisconsin with a double major in Real Estate and Finance. Lindsey recently moved to New York City as a Capital Markets Analyst at Dansker Capital Group. Dansker Capital Group is a national mortgage brokerage company focused on finding creative financing solutions for the middle market space. Lindsey is thrilled to be living in the city, exploring its different neighborhoods and talented chefs.



**Clay Weeks** – Clay is Rick’s oldest child. He received his Bachelor of Arts degree in History from the University of South Carolina Beaufort. One of his most engaging school projects was his internship curating exhibits at the Parris



Island Museum in the Marine Corps Recruit Depot. Clay hopes to continue his professional development in a position using interactive multi-media and experiential activities to bring history to the public.



**Julia Weeks** – Rick’s daughter Julia also joined the VWG graduation gala this spring. Julia received her Master of Fine Arts in Creative Writing with a Creative Non-Fiction focus from Emerson College. She is working this summer as an editorial assistant for a noted music critic and Beatles historian. Her goal is to attain a position as an acquisitions editor.

### **8 Steps to Take Well Before You Exit Your Business**

Recently, a client reached out to VWG for guidance on selling their business. Prior to the pandemic, and before experiencing some health issues, the client thought they would run their company for another decade. After two years of COVID-related business disruptions, supply chain delays, and now inflation squeezing margins, the client decided it was time to explore possible exits. Because the previously prepared financial plan had assumed a later retirement and business sale, we needed to update it and assess new possibilities. We worked through multiple planning scenarios that accounted for a range of sale prices, various payout periods based on different deal structures, plus additional expenses associated with an earlier retirement. We also partnered with the client’s estate attorney and accountant to protect assets, facilitate legacy planning, and anticipate and mitigate unnecessary tax implications. The journey to a successful business exit is guaranteed to be a stressful roller coaster ride. However, thanks to proper planning and advance coordination, our client is now fully focused on driving to an optimal outcome, knowing that their personal and family finances are in order.

Each business owner’s specifics, their priorities, the composition and needs of their employees and their customers are uniquely different. Regardless, whether you are considering an outright business sale, selling a stake to a partner or investor, or shifting leadership and/or equity to family members, we encourage you to plan ahead. Below are some essential planning tips for business owners eventually looking to transition away from their business:

#### **1. Take stock of current operations**

You will need to prep your company to attract the right acquirer and the best price. Evaluate your performance, growth plans, operations, staffing, and intellectual property to ensure they are protected and poised for growth. Identify risks such as a potential lawsuit, vendor/customer issue, or employment disagreement. Resolve these before you put your business up for sale.

## **2. Prepare for the unexpected**

Given the events of the past few years, consider whether you've planned for unforeseen circumstances. These may include global macro events, legislation that could disrupt your industry, the death or disability of key team members, or your own premature disability. When you reflect on the potential impact of these types of events, you may find yourself significantly underinsured, and lacking in terms of business continuity and communications plans.

## **3. Empower your management team**

An acquirer or investor will want to make sure the remaining management team has the experience and resources necessary to operate the business efficiently. A strong, loyal team with decision making authority and aligned incentives will invariably support a higher price. This can prove challenging for owners who have built their companies largely through their own personal ideas and efforts; however, empowering other leaders will prove critical to your company's operations and valuation.

## **4. Identify your post-exit goals**

Reflecting on what you would like to accomplish when it comes time to transitioning your business will help shape some of your current decisions. Do you wish to pass down a considerable amount of your wealth to loved ones or charity? Would you like to do so during your lifetime or as part of your legacy? Do you envision large purchases, like a vacation home? Once you have outlined these goals and discussed them with your advisor, you can better

quantify and align your future expenditures with current investments, estate and tax planning strategies.

## **5. Build a personal cash flow analysis**

Business owners fully grasp that poor cash flow management can have significant consequences. The same is true for your personal and family life. Without proper accounting of your income, expenditures, and liabilities, liquidity issues and/or unnecessarily high debt costs can cause serious problems — even if your income is high and/or you receive a financial windfall when you exit your business. Implementing a system now to track your personal cash flow will help you to avoid these issues and will set the table for post-exit when your financial situation may change considerably.

## **6. Decide whether to sell your business outright or keep it in the family**

For some business owners, this is a difficult decision that involves reconciling competing priorities and dealing with strong emotions. As a result, this decision is often put off, with the assumption that many years remain. Having this issue well thought out before you plan to exit your business allows you to better take advantage of certain tax-efficient transfer techniques or be better prepared for any unsolicited offers.

## **7. Obtain a valuation for your business**

Every business owner should be able to answer the question, “How much is your company worth?” even if no sale is planned anytime soon. Even a ballpark figure based on market conditions, industry comparables, and performance metrics can: 1) Serve as the basis for your financial plan; 2) help you adequately insure against the unexpected, 3) provide benchmarks to help set better goals and evaluate performance 4) prepare you for an unsolicited offer and 5) estimate what percent of your assets you can transfer to family or charity.

## **8. Identify wealth transfer strategies**

If you plan to transfer ownership and/or make significant gifts to your family or charity, you should consider various methods for making these transfers. These should be discussed with your financial, tax and legal advisors. Strategies that can be considered include:

- Grantor-retained annuity trusts (GRATs) and intentionally defective grantor trusts (IDGTs)
- Dynasty trusts
- Charitable remainder trusts (CRTs)
- Family Foundations
- Donor-advised funds

The biggest mistake we observe among our entrepreneurial clientele is that they generally decide to sell their business when they need to (such as due to changing industry dynamics, key personnel changes, family illness) , as opposed to when it is optimal (such as thanks to competitive demand, large contract wins, low financing rates). Optimal timing helps assure a higher valuation and helps improve deal terms that will be more suitable to your transition. We also observe the failure of building and engaging a fully coordinated professional team of advisors – including personal and business tax professionals, personal and business attorneys, business valuation and banking professionals, and your financial advisor. It is essential to consider the entire picture to make sure that the overall sale and transition plan is in sync with your personal goals.

### **VWG Summer Reading List**



Summer is always the perfect time to unplug and dive into some great books. To help stimulate your palette, here are some summer reading recommendations from the VWG team! We're always looking for new ideas and material, so please share your favorites with us!

Ashley – “The Seven Husbands of Evelyn Hugo” by Taylor Jenkins Reid

Michelle – “The Lincoln Highway: A Novel” by Amor Towles

Marnie – “Honor” by Thirty Umrigar

Elana – “Dead Wake: The Last Crossing of the Lusitania” by Eric Larsen

Suzanne – “The Ravaged” by Norman Reedus

Ona – “Wire to Wire: A South Baltimore Memoir” by Patrick McArdle

Kay – “The Book of Ichigo Ichie: The Art of Making the Most of Every Moment, the Japanese Way” by Hector Garcia and Francesc Miralles

Ryan T. – “The Glass Hotel” by Emily St. John Mandel

Patricia – “Taste: My Life Through Food” by Stanley Tucci

Lynette – “Great Circle: A Novel” by Maggie Shipstead

Ryan B. – “Night” by Elie Wiesel

Justin – “The WEIRDest People in the World: How the West Became Psychologically Peculiar and Particularly Prosperous” by Joseph Henrich

Susan – “The Gifted School: A Novel” by Bruce Holsinger

Brandi – “Hunt, Gather, Parent: What Ancient Cultures Can Teach Us About the Lost Art of Raising Happy, Helpful Little Humans” by Michaeleen Doucleff

Rashmi – “The Vanishing Half: A Novel” by Brit Bennett

Jeff – “Rationality: What It Is, Why It Seems Scarce, Why It Matters” by Steven Pinker

Ryan V. – “The Brass Verdict” by Michael Connelly

Rick – “After Long Silence: A Memoir” by Helen Fremont

John – “Catherine the Great: Portrait of a Woman” by Robert K. Massie

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business and tips for retirement. For those interested in more frequent market updates, every Monday we post a Market Note that highlights market trends and indicators for the week. In addition to these platforms, check out our blog, [VWG Makes Cents](#), for more detailed tips from our advisors. To access this information, go to our [website](#), or follow us on Facebook @VWGWealthManagement, Twitter @VWGWealthMgmt and on LinkedIn.



Our team wishes a very Happy Father's Day to the entire greater VWG family. We thank fathers everywhere for their perseverance, mentoring and stable guidance through the turns and twists of life's challenges.

We are ecstatic that so many of you have exciting summer plans to travel, explore, and spend time with family and friends. After the very trying past two years, we are sure that these are way overdue and deeply needed. Please accept VWG's best wishes for some time well spent relaxing, refreshing and recharging. We look forward to hearing all about it!

Take care, stay safe!

VWG Wealth Management

A Hightower Company



Suzanne, Ashley, Lynette, Michelle, Rashmi, Kay, Ona, Brandi, Justin, Ryan, Ryan, Ryan, Patricia, Elana, Susan, Marnie, John, Rick and Jeff

### Who we are

Please reach out to us if you have any questions or comments.

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