

# Warner Puts Emphasis on Family During Succession Planning



Warner Norcross + Judd takes a holistic approach to the representation of family business and succession planning. We recognize that succession planning for the family owned business is not all taxes, trusts and estates. It's also about families and maintaining and strengthening the ties that bind them to each other and to the business. And we appreciate that our clients measure the success of their planning by the plan's overall impact on the business and the family.

As a result, our succession planning balances the needs of the family with the needs of the business to find successful strategies for the transition of ownership and management from one generation to another. We have experience with a wide variety of planning tools for the gift or intrafamily sale of the family business, including some of the most cutting edge gift planning and sale techniques available.

We are one of the few law firms in the country with a dedicated family business group. Many of our family business attorneys measure their experience representing family businesses in decades and are active members in national organizations, including Attorneys for Family Held Enterprises, the Family Firm Institute, and the American College of Trust and Estate Counsel, as well as Michigan based organizations, such as the Family Business Alliance.

Our experience is broad and deep. Besides representing numerous founders transitioning their businesses to their children and grandchildren, we also represent businesses controlled by sibling partnerships and cousin consortiums. Some of our clients have been controlled by the same family for more than 100 years and are now owned by the fifth and even sixth generation! Our clients range from small "mom and pop" enterprises to large multibillion dollar corporations with global operations and sales. No matter your revenue or family size, we can offer practical, personalized and effective legal solutions.

Warner's family business attorneys do not operate in isolation. Members draw on the expertise of the firm's lawyers in the estate planning, corporate, tax, real estate and employee benefits areas, as well as team with our clients' other advisors, including accountants, insurance advisors, valuation firms, investment and financial advisors, and family business consultants, to find the right plan for each family's unique business and family.

To learn more about succession and estate planning techniques contact your Warner Norcross + Judd attorney; Mark K. Harder, chair of the Private Client and Family Office Group at 616.396.3225 or [mharder@wnj.com](mailto:mharder@wnj.com).



# Succession Planning for Family Businesses

We regularly deal with clients who own businesses that require coordinated succession and estate planning for the business. It is often a team approach with our Tax, Corporate, Trust & Estates and Closely Held Businesses practices working together to create a unique solution for each owner and business.

## Representative Transactions for Succession Planning Include:

- Succession planning for smaller family and closely held businesses, including medical and dental practices.
- Succession planning for a family owned business with numerous subsidiaries and its first, second and third (in trusts) generation owners.
- Corporate planning to structure and organize a group of companies with common family ownership.
- Counsel to the founder of a midsized manufacturer of capital equipment on the transition of ownership to the next generation using gifts, sale of stock, recapitalization, and a deferred compensation agreement.
- Representation of a food manufacturer, its second, third and fourth generation owners, its Family Office and its foundations. Succession planning has allowed the ownership of this S Corporation with multiple classes of stock to move through generations without transfer tax.
- Succession plan for a multinational family owned business currently owned by the second, third, and fourth generations, including trusts, family limited liability companies, buy and sell agreements, a family constitution and compensation planning for nonfamily executives.
- Advise the second generation owners on the transition of a services company to a third generation family consortium using installment sales, gifts, and a deferred compensation plan for the senior generation.

- Succession plan involving transfer to third parties, related parties and employees, including via an Employee Stock Option Plan (ESOP).

## Succession Planning Tools and Techniques Used:

- Recapitalization to separate economic benefits and voting control
- Comprehensive buy and sell agreements
- Outright gifts
- Sales to family members
- Gifts and sales to Intentionally Defective Irrevocable Trusts (IDITs)
- Grantor retained annuity trusts (GRATs) and family gift trusts
- Irrevocable life insurance trusts (ILITs) to provide liquidity
- Phantom stock and deferred compensation planning for retiring family members and nonfamily executives
- Assistance in developing an advisory board
- Counsel related to formation of an outside board
- Family constitutions and family meetings



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we build a better partnership with clients.

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