

[FAMILY BUSINESS PLAYBOOK]

Family-owned businesses face unique and often highly-charged challenges. The *Family Business Playbook* brings together expert voices each month to explore the challenges and opportunities facing family businesses today. Through focused topics and practical insights, the series is designed to support informed decision-making and long-term growth.

Wealth Planning for Family Businesses

A Conversation with Ashley Velategui, Head of Wealth Strategies, Bernstein Private Wealth Management



Why is wealth and liquidity planning different for family business owners than for other affluent families?

For many business owners, their company isn't just an investment. It's their primary source of wealth, income, and often a significant part of their identity. That creates a level of complexity most affluent families don't face. Decisions involving the business can directly affect family wealth, estate planning, retirement, and even family dynamics. Owners' planning must consider each of these areas simultaneously.

Many family business owners have the majority of their wealth tied up in the company. What risks does this create, and how can they address them?

The greatest risk is concentration. Business owners often have most of their net worth and future income tied to a single asset. That can create tremendous upside, but it also leaves families disproportionately vulnerable to business-specific risks. Over time, many owners benefit from intentionally building wealth outside the business so that their family's financial security is not dependent on a single asset. The goal is to build up sufficient diversified assets to secure their lifetime spending needs regardless of the outlook for the markets or the business. While this may not be possible without a full sale of the company, taking steps to build that nest egg can meaningfully strengthen financial resilience.

At what point should owners begin planning for a future transition, sale, or generational transfer of the business?

Ideally, years before they think they'll need to. The most effective transitions are rarely the result of a last-minute effort. Whether the goal is a sale, a transfer to family members, or a transition to professional management, early planning creates more options. It also gives families time



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Ashely Velategui presenting alongside colleagues, Wrug Ved, Senior Investment Strategist and Kara Lewis, Regional Senior Managing Director.

to address governance, succession, tax considerations, and the personal questions that inevitably accompany a major transition.

While planning early sounds simple, for many owners, it can be harder in practice than it appears. Planning can be particularly difficult when there's greater uncertainty around the business's future or eventual exit value. Not to mention, I've met more than a few owners who (half-jokingly) believe planning for life after a sale may jinx the deal itself.

What are the biggest mistakes families make before a liquidity event, and how can they avoid them?

One of the biggest mistakes I see is that owners spend years preparing the business for a transaction and far less time preparing themselves and their families for what comes next. Tax planning matters, but it is only one piece of the puzzle. Questions like "How much is enough?" "What do we want this wealth to accomplish?" and "Who am I when I'm no longer running my business?" often get less attention than they deserve.

Another common mistake is allowing complexity to become an obstacle. Owners are often inundated with strategies, acronyms, and competing advice. The result can be decision paralysis, and planning ends up delayed until after the transaction has closed.

The families that tend to have the best outcomes start with their objectives before they focus on strategies. Once there is agreement on goals, values, and priorities, it becomes much easier to determine which planning strategies are likely to add value, and which are simply making life more complicated.

What strategies help families preserve wealth and maintain alignment across generations?

Families tend to devote a great deal of time to building structures that shift wealth efficiently to the next generation and spend far less time preparing the people who will eventually inherit responsibility for them. The families that have the greatest success across generations typically communicate openly, educate younger family members early, and



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establish clear expectations around stewardship, decision-making, and shared values. Wealth often lasts longest when families are as intentional about governance as they are about investment management.

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