

Business and Wealth Succession

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Building a better
working world

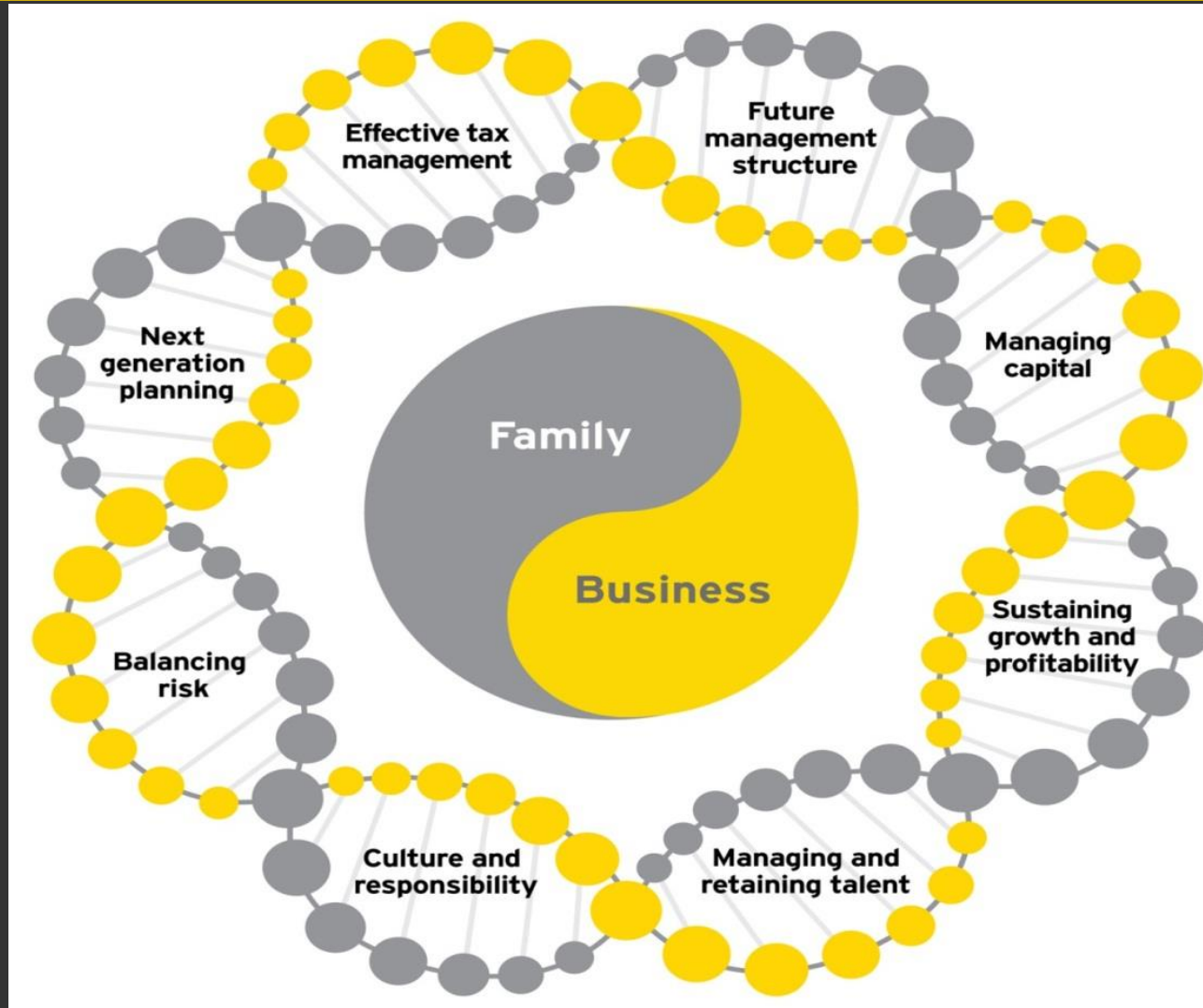
The Netherlands Inc.



Wilhelmina
Willem Alexander (a William IV")

Family business

EY's Growth DNA



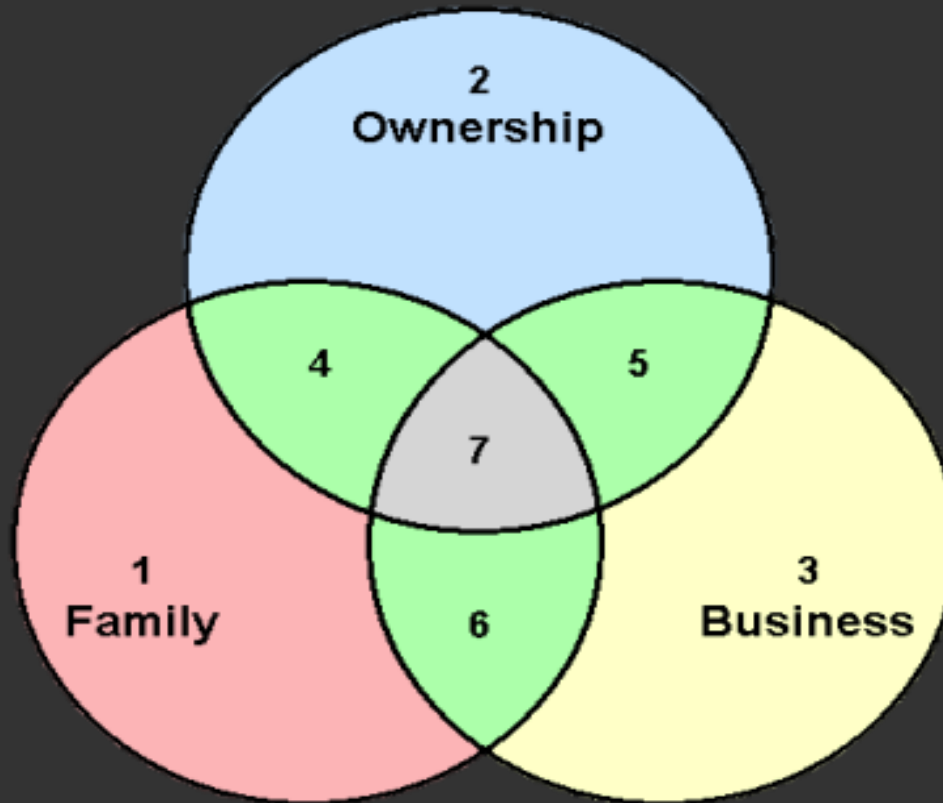
Family business

Statements

- ▶ „What happens if my brother thinks that his son should be promoted, but I disagree?“
- ▶ „What happens if my cousin gives his wife company stock and then they get divorced?“
- ▶ „With 11 family members on the board, shouldn't some be getting off?“
- ▶ „Even if I am not in the business, I own shares. Why shouldn't I get the same financial information as family members who are in the business?“
- ▶ „What do you mean, you took a USD 100'000 loan from the business?“
- ▶ „Shouldn't the business buy its group health policy for me? I am family!“

Family business

Multiple roles of actors in family firms



Tagiuri & Davis model (1982)

1. Family non-owner managers
2. Non-family non-manager owners
3. Managers only
4. Family owners
5. Owners managers
6. Non-owner family managers
7. Family owner/managers

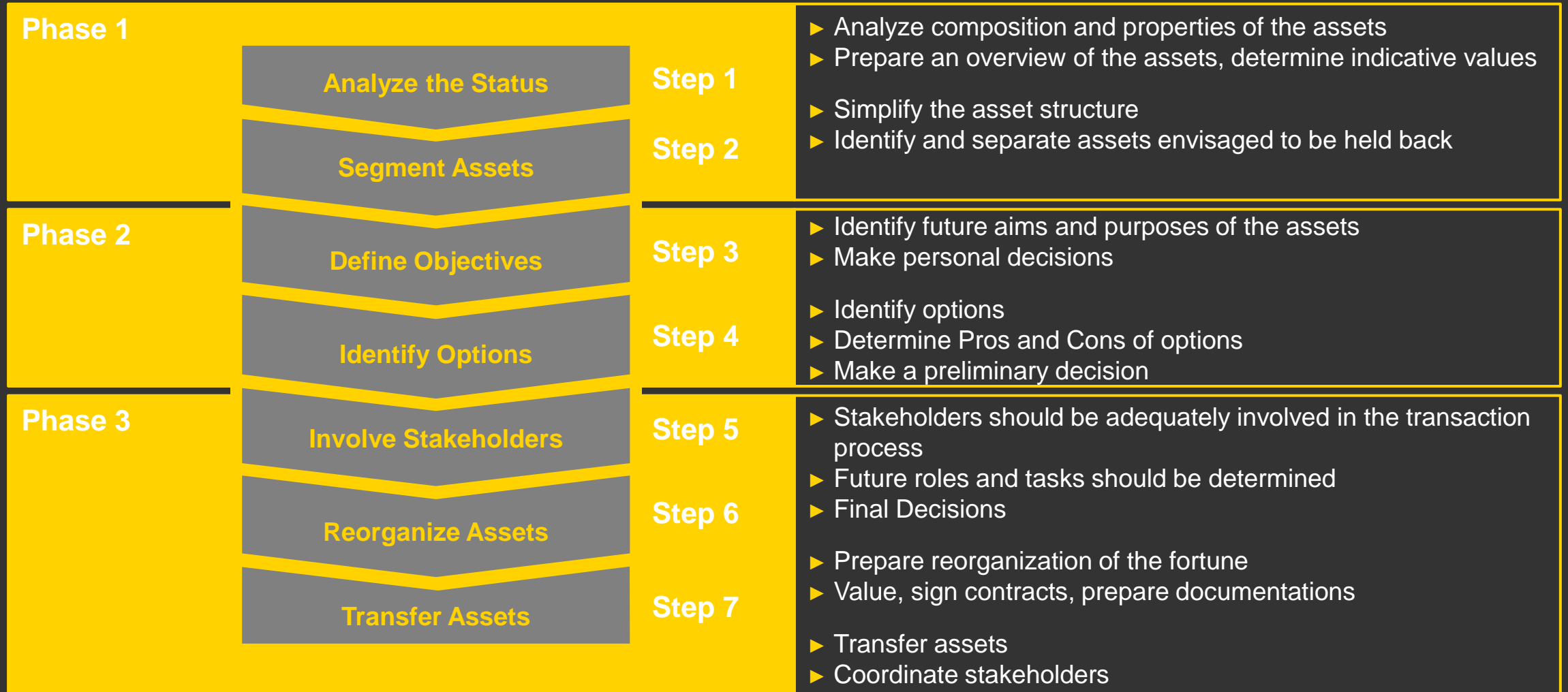
Systems move from higher to lower degrees of overlap as business grows and family members mature

Family governance

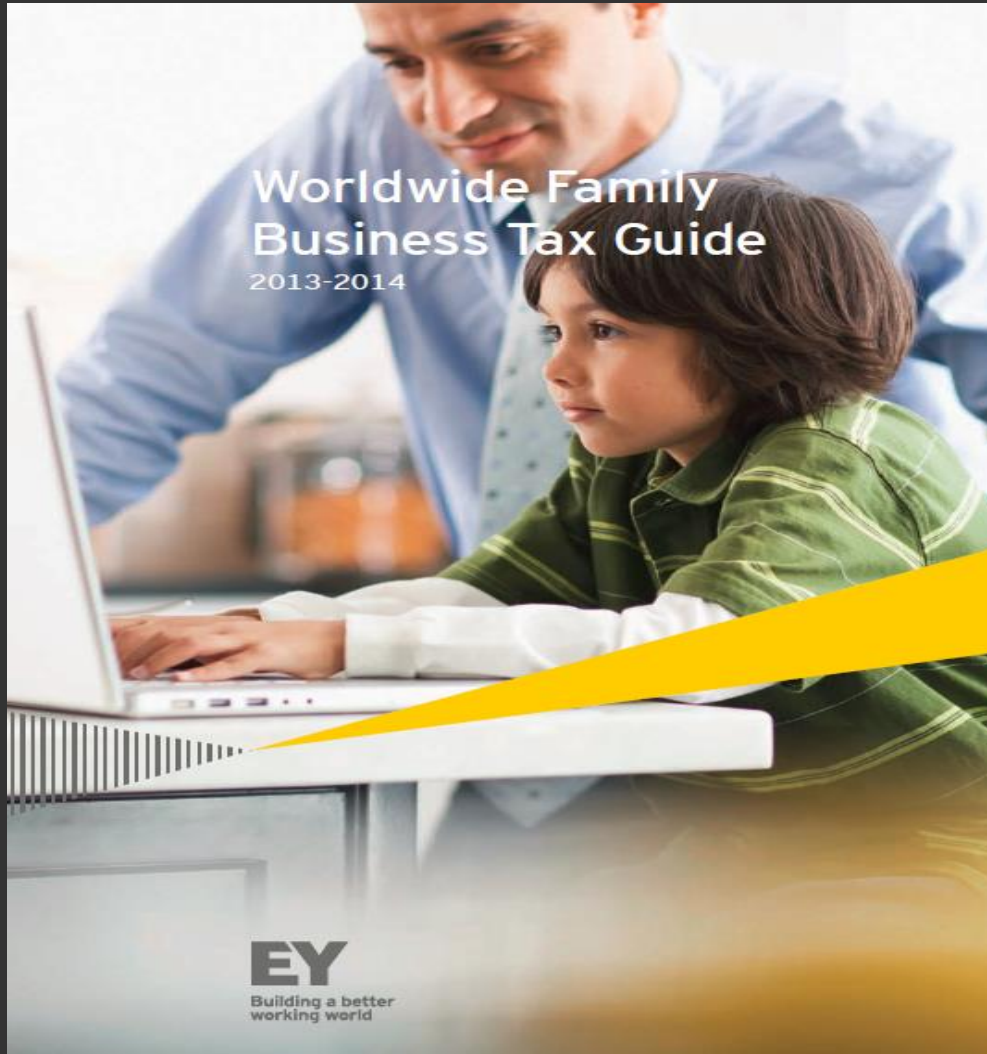
Stages of our approach

Initiation Stage : Confirming the family vision & philosophy	Stage 1: Understanding the family issue	Stage 2: Building the family Constitution	Stage 3: Formalizing the legal structure
<ul style="list-style-type: none"> ▶ Understanding the start point ▶ Family tree/current business structure ▶ Family philosophy/culture ▶ Identifying family members who will be involved in the drafting of the constitution ▶ Obtaining the family's understanding and support 	<ul style="list-style-type: none"> ▶ Understanding the senior generation's view on vision ▶ Commitment to continuity ▶ Identifying the key issues facing the family ▶ Private interviews with family members to identify pressing issues 	<ul style="list-style-type: none"> ▶ Aligning the vision of the senior generation and the incoming generation ▶ Developing governance rules and structures ▶ Agreeing transitional rules ▶ Developing Constitution to address key issues facing family ▶ Obtaining approval of the Constitution by the family ▶ "Living" the Constitution 	<ul style="list-style-type: none"> ▶ Discussions with the family legal advisors on the new structure ▶ Incorporating the Constitution into new Shareholder's Agreement
Deliverable : (no formal deliverable) Presentation to the family and documentation of the Family Genogram	Deliverable : Detailed report of the issues highlighted by family members during the private meetings the family	Deliverable : Family Constitution	Deliverable : Assist Lawyers in the development of the new Shareholders' Agreement and formal legal structures

Succession in Seven Steps

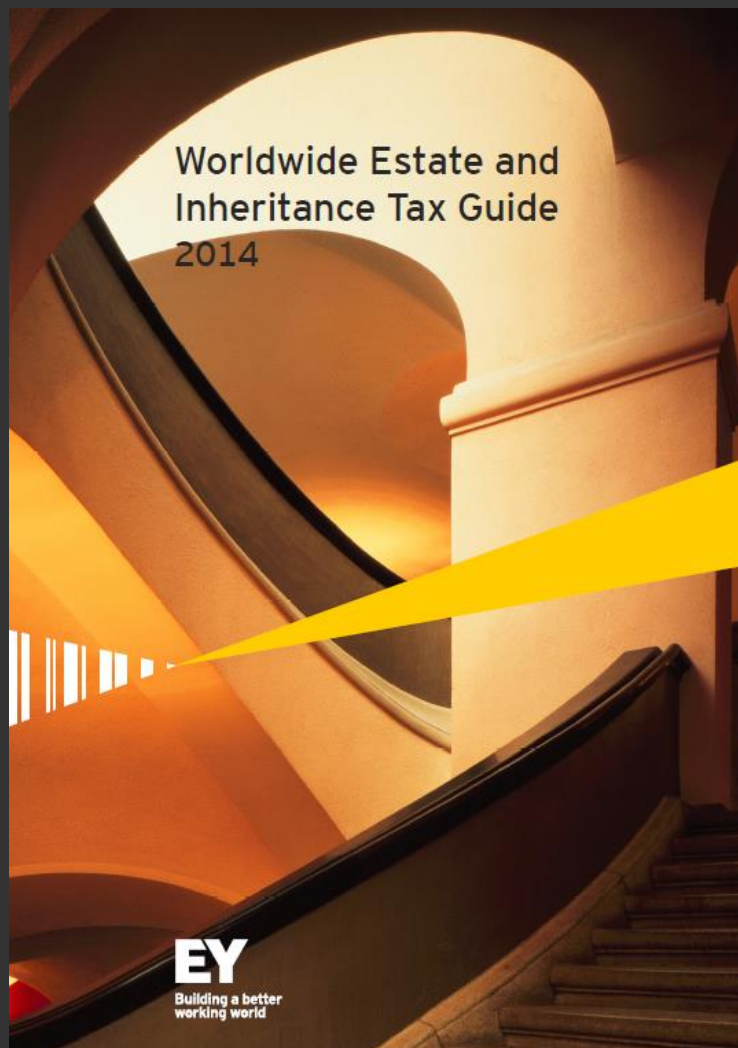


EY Worldwide Family Business Tax Guide



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EY Worldwide Estate and Inheritance Tax Guide



400 £ EUROS 50
€500 R\$
4000 POUNDS * \$
FTSE

400 £ EUROS 50
€500 R\$
4000 POUNDS * \$
FTSE

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Key messages

- ▶ Succession planning is much more than tax planning.
- ▶ Succession planning is a complex process. Start on time!
- ▶ EY has developed a holistic approach.
- ▶ *The devil is in the (tax) detail.*
- ▶ Multinational family businesses need a globally integrated advisor.

Thank you



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