

Exit Strategy, Building Legacy:

Blending Personal Values with Financial Planning in Business Succession



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Morgan Stanley

National Association of Estate Planners and Councils

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Core Value ·	Commitment to the team concept of estate planning
Credentials ·	Active license or certification as an attorney; accountant; insurance professional and financial planner; philanthropic advisor; or trust officer— holding one or more of the following credentials: JD, CPA, CLU [®] , CFP [®] , CFA, ChFC [®] , CAP [®] , CPWA [®] , CSPG, CTFA, MSFS, or MST
Reputation & Character ·	Three professional references of differing disciplines
Ethics ·	Declaration to abide by the NAEPC Code of Ethics
Education ·	Completion of two graduate courses from The American College or similar graduate courses through an accredited university, college, or school of law as part of a master's or doctoral degree program (fifteen+ years of experience in estate planning may exempt one from this requirement)
Experience ·	Minimum five years actively engaged in estate planning
Continuing Education ·	Minimum thirty hours of continuing education with fifteen in estate planning



Tuesday, May 12, 2026 | 12:00 PM – 4:30 PM ET

Wednesday, October 21, 2026 | 11:30 AM – 4:30 PM ET

2026 VIRTUAL ▶▶

▶▶ 2027 IN-PERSON

Returning to Florida in Late April / Early May
Condensed, Mid-Week Schedule
Subject Matter Relevant to Your Practice

The NAEPC Conference Goes Virtual in 2026

Connect, learn, and lead from wherever you are.

May 12, 2026
October 21, 2026

In 2026, the National Association of Estate Planners & Councils is reimagining its annual conference as a **fully virtual experience**, designed to bring the best of multidisciplinary estate planning education directly to your desk.

Join professionals from across the country for high-impact content, meaningful engagement, and innovative programming created specifically for the evolving needs of today's estate planning community.

Countdown to
Opening Remarks

134 days 23 hours 42 minutes



What is Legacy?

Something handed down from the past, encompassing both tangible assets (money/property) and intangible enduring influence (values, reputation, or impact).

The love letter

What is a family legacy?

- Money
- Assets
- Values
- Family
- Final wishes
- What do you want to be remembered for?

What is an exit plan?



An exit plan asks and answers all the business, personal, financial, legal and tax questions involved in transitioning a privately owned business.

It includes contingencies for illness, burnout, divorce, and death.

Its purpose is to maximize the value of the business at the time of exit, minimize taxes, and ensure the owner is able to accomplish all his or her personal and financial goals in the process.

- Richard Jackim
Cofounder of the Exit Planning Institute

What is an exit plan?

Exit Planning combines the **plan, concept, effort** and **process** into a clear, simple **strategy** to build a business that is **transferable** through strong human, structural, customer, and social capital. The future of you, your family, and your business are addressed by focusing on creating value **today**.

Three Legged Stool



A SUCCESSFUL EXIT STRATEGY HAS THREE LEGS:



Maximizes Transferable
Business Value



Ensures Owner is Financially Prepared



Ensures There is a Plan for
“What Next?”

Two Paths lead to One Value

2 Concurrent Paths

- Business and Personal
- Working **ON** the business vs. **IN** the business
- 90-day sprints in the Prepare Gate

1 Goal = Value

- Three legs of the stool
- Successful to significant
- Fulfilling and purposeful

Common Financial Readiness Issues

- Income requirements post transition
- Needs vs. wants not identified
- Financial plan doesn't consider the value of the business or has an outdated, over or understated opinion of value
- New proceeds analysis – what you keep matters most
- Tax and estate planning not started soon enough
- Risk sensitivity analysis and profile
- Inappropriate portfolio allocation
- Financial plan not aligned with personal and business plans.

What's My Wealth Gap



BUSINESS OWNERS CAN NOT
SAVE TO CLOSE THEIR WEALTH
GAP



NEED TO UNLOCK WEALTH
INSIDE OF THEIR BUSINESS

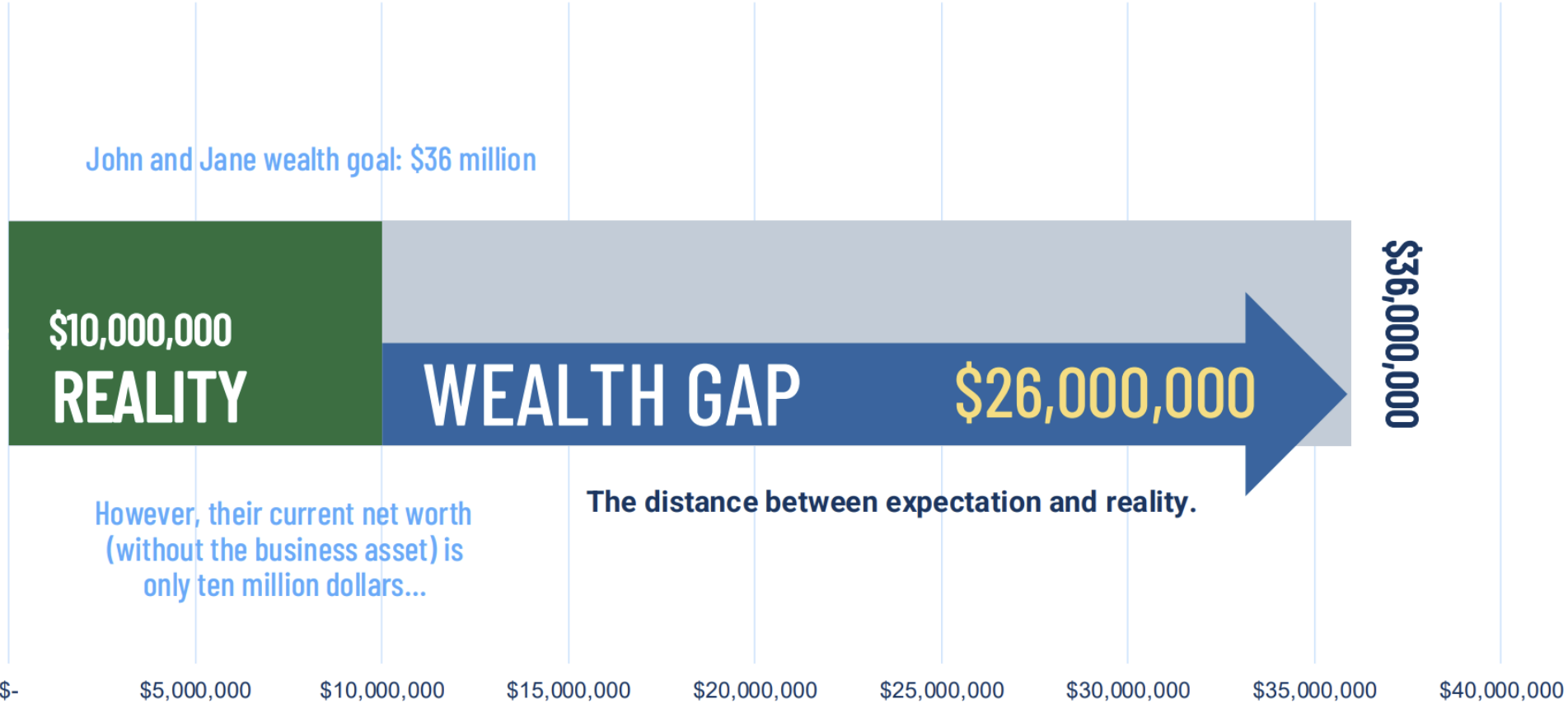


PREPARE FOR TRANSITION

What's my current net worth

- Take a “Snapshot” of all your assets and liabilities
 - Home(s)
 - Investments
 - Real Estate
 - 401(k), IRA, deferred comp
 - Insurance Policies
 - Liabilities
 - Cars
 - Other assets

The Wealth Gap



Common Personal Readiness Issues

- No owner goals and objectives
- No owner consideration to “What’s next?”
- No advisory board or formal transition team
- No contingency plans
- Date or no Buy-Sell agreements
- Shareholders and/or family members not on the same page
- Forced generational transfer
- Health issues

Paint a Picture

- How do you want your family to live?
- What do you want to have happen to your business?
- Who will keep supporting the causes and people you've supported all your life?
- Who/What are those people and causes you want to support?
- What are the values you want to leave your family?

Personal Planning - STEP

Spiritual – What is the source of my inspiration?

Things – What things do I want that I don't have today?

Experiences – What experiences in my life do I cherish the most? Why? What do I still want to do in the future?

People – Think of people from your past, present and future: Do you want to spend more time with them? Who do you need to thank? Who has mentored you and that you have helped as well.

Creating Personal and Financial Freedom

Creating a Vision

What does success mean to me?

Belief

- Challenge your level of belief in your vision
- Are you willing to put in the sacrifices and invest in it?
- Are you willing to accept the risks to achieve it?
- Do you really believe it will pay off? Why? What are my motives?

Core Values

- The people I look up to are . . .
- The guiding motivators in my life are . . .
- My core values are . . .

Take the time to write these things down. These thoughts and ideas are to be shared with people in your life.

Personal Envisioning

- How old will you be in 10 years?
- Where do you see yourself in 10 years? Long term wishes, dreams about money, family and business involvement.
- Define your personal wealth goal
- Start with your successes
 - I am (define your role
 - I am thankful for . .
 - I am most proud of . . .

Spiritual Envisioning

- I believe Why?
- I love to, Why?
- More than anything I believe my center is . . .

Creating the Vision

Passion

- Are you passionate about this vision?
- Why are you passionate about your vision?
- What is the source of that passion?

Exit & Growth readiness can be confused with attractiveness—understand the difference

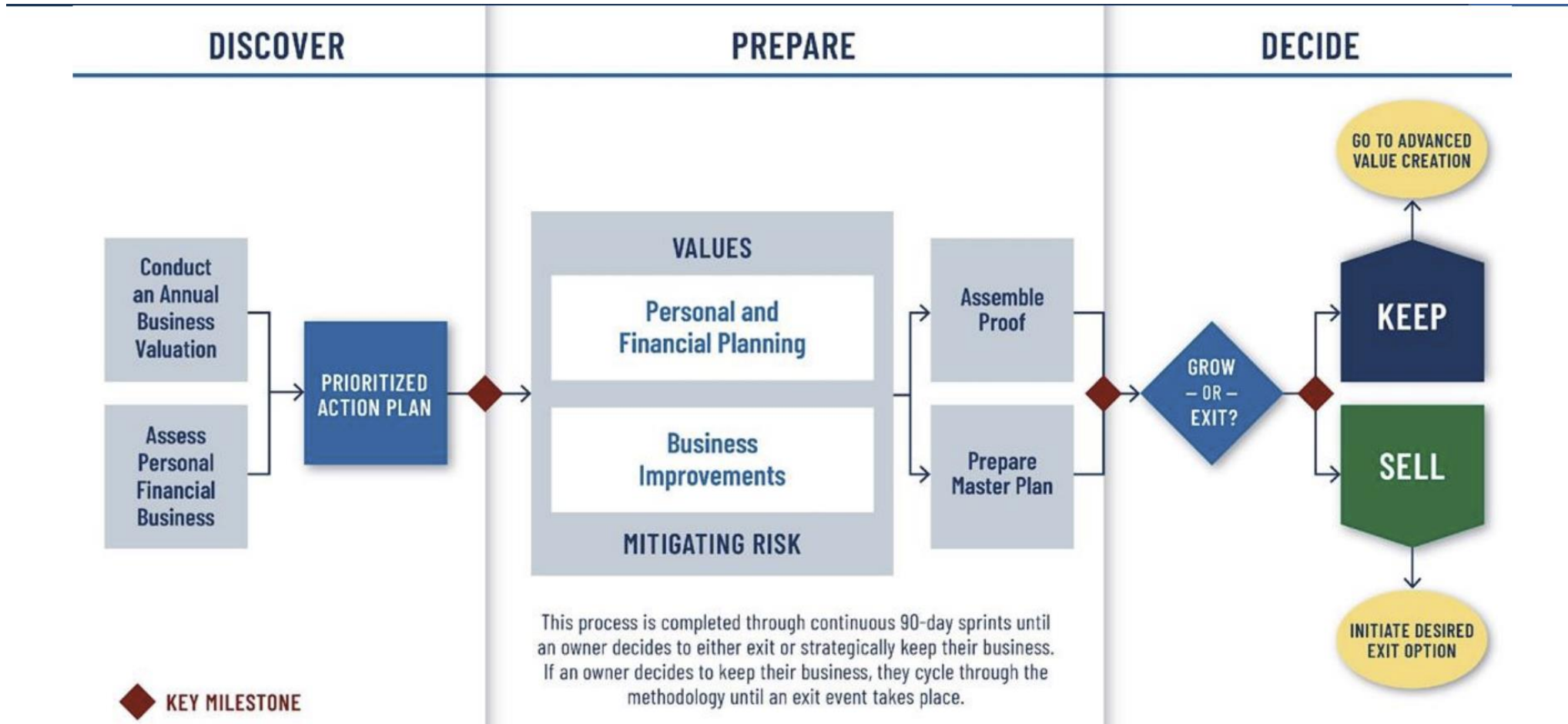
ATTRACTIVENESS SCORE

- How attractive is the business from a third-party point of view?

READINESS SCORE

- How ready are the owner and the business to transition and scale?

Value Acceleration Model



The Triggering Event

An independent personal, financial and business assessment correlated to business range of value

Relentless Execution



Vision



Alignment



Accountability



Rhythm

Benefits

- Establishes the present & BIC business values
- Predicts the probability of succeeding with growth and transition strategies
- Identifies the PROFIT GAP
- Identifies the VALUE GAP
- Identifies ACTIONS needed to protect, build, and harvest value

VALUE MATURITY INDEX™



RIGHT SIDE

All businesses trade in a **RANGE OF VALUE (ROV)**

- The ROV multiple is determined by the Private Capital Market – you can't control this
- Attractiveness and Readiness Scores determine where you land in the RANGE OF VALUE
- Move score up, business moves higher in the range, profits and sales most likely go up too
- This CAN BE measured...and thus managed

Common Sense Scoring



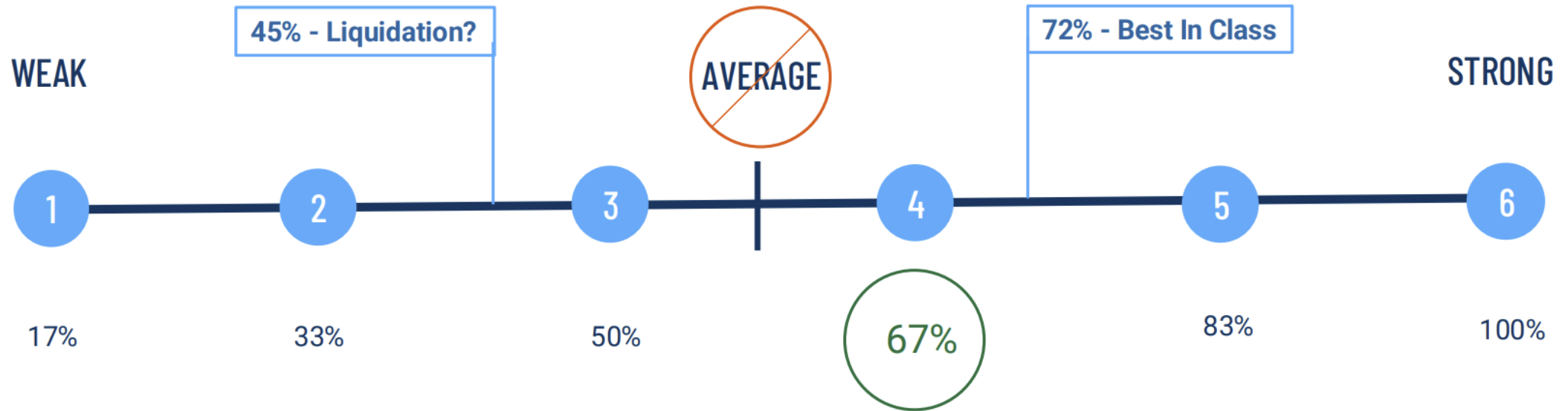
TWO SCORES

- Attractiveness Index
- Readiness Index

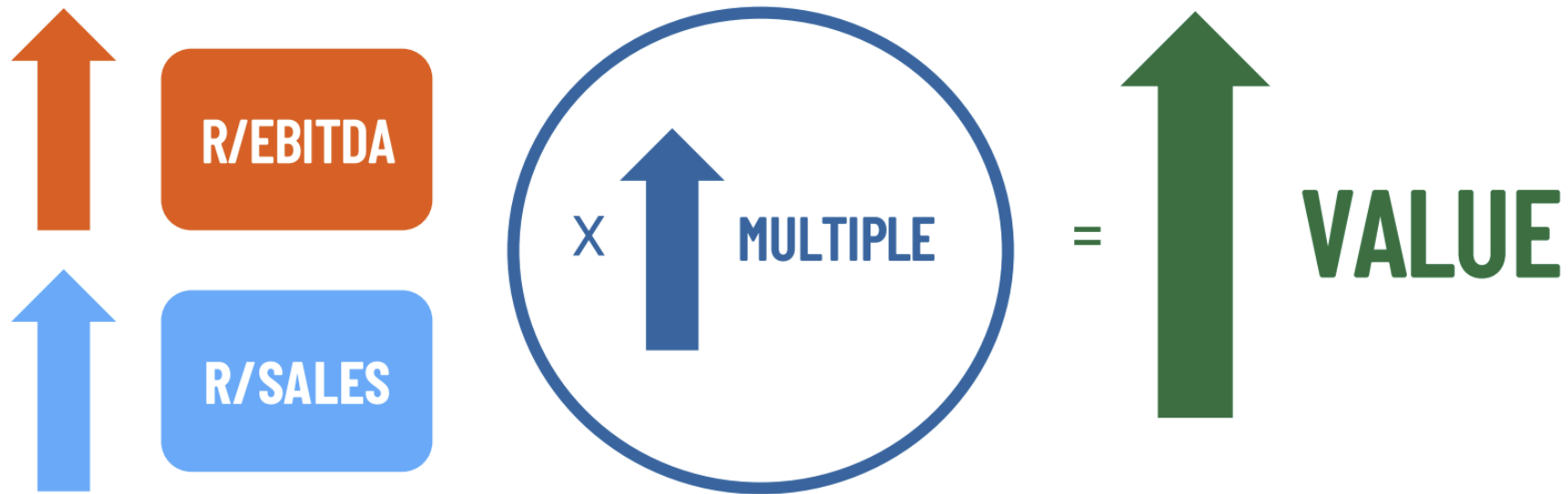
Raising both Right Side and Left Side generates accelerated increases in value

Higher the score

THE GREATER THE VALUE



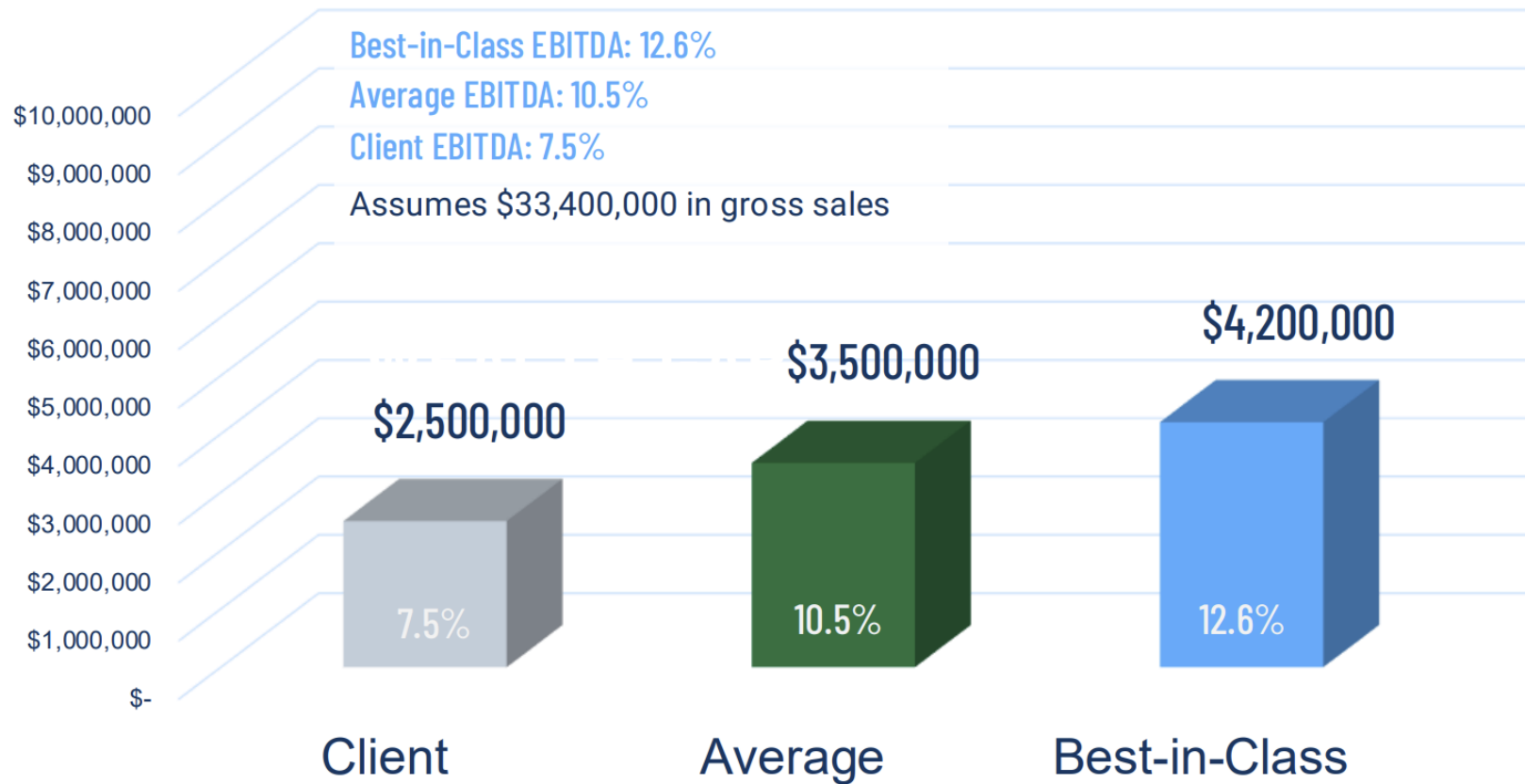
Strategic Value = Simple Math



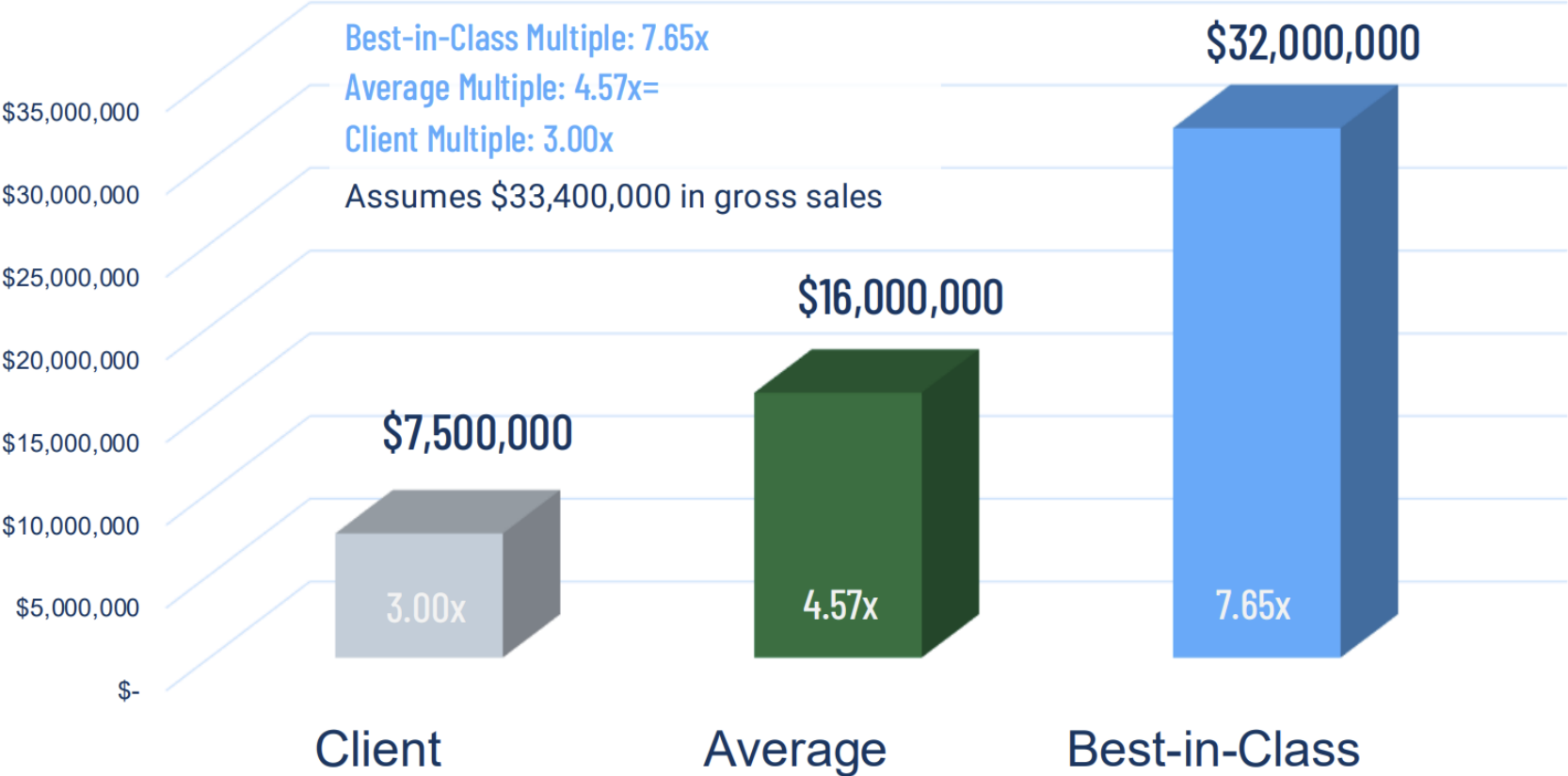
Predictable Cash Flow
Clean Balance Sheet
Size Matters!
YOU CONTROL

Private Capital Market Conditions
Terms / Exit Option
Intangibles (Value Factors)
YOU CONTROL SOME

Profit Gap



Value Gap



Two Numbers

There are two numbers in every business

TAX NUMBER

- This is the number that displays on the financial statements
- It is the number presented to tax authorities
- Usually, the objective is to minimize this number for tax purposes
- Assets are written down to book value

REAL NUMBER

- This number is calculated by adjusting the financial statements; called Financial Recasting
- It reflects the most likely earnings and balance sheet of an ongoing concern
- Tangible assets adjusted to market value upon transfer (NOTE: does not include intangibles)
- The objective is to maximize this number for wealth creation

Adjustments to Determine Real Numbers

Adjustments to net income to get you the real number to be used in valuing your business.

Addbacks (added to) and Takebacks (subtract from) EBITDA

Standard addbacks:

These include interest, taxes, depreciation and amortization, as Addbacks.

Adjustments to Determine Real Numbers

One-time nonrecurring adjustments – things that don't happen every year

Discretionary expenses – personal expenses charged to the business – cars, travel, real estate, memberships

Normalization of expenses to the market – including officer/owner salaries, rent

Need to recast the balance sheet to reflect the addbacks and takebacks.

The 4 C's

- Human Capital
- Customer Capital
- Structural Capital
- Social Capital
- Each has a value between 1-6 with 6 being the highest

Each adds or takes away value of the business

Where are the value gaps?

Business Readiness Issues

- Have not addressed management succession- will key employees stay on
- Threat of losing key people – is institutional knowledge retained
- Customer concentration – one customer accounts for more than 25% of total sales
- Ownership group at odds
- Fishing for an unrealistic price

Business Readiness issues

- Missing, outdated, overstated or understated valuation
- Stated EBITDA inaccurate – not recasted or improperly recasted
- Multiplier not adequately adjusted for risk
- Business not bankable
- Creditability of financial information an issue
- Availability of interim information
- Forecasting – basis, accuracy, assumptions
- Management/key employee retention

Deal Killers

- Owner dependence
- Lack of documentation
- Lack of transferable systems and processes
- Product liability
- EPA/Safety
- Lawsuits

Business Envisioning Statement

- Core Values – guiding principles
- Brand Promise – What is the mission of the business
- Long term targets –
- Strategic Competencies Needed – what is already there and where are the gaps. Use the 4 C's as your guide
- Key Performance indicators – one or two that will show how the business is performing.

Business Envisioning Statement

Think out 5 to 10 years. Keep it high level and Don't overthink it

Opportunities – selling at double digit multiple, doubling or tripling revenue, building a company of significance, positioning your business to dominate the market.

Threats – The 5 D's:

DEATH, DISABILITY, DIVORCE, DISTRESS, DISAGREEMENT

MILESTONE	DELIVERABLE
Financial Recasting	Recasted Financial Statements – The “Real” Numbers (vs. Tax Numbers)
Financial Analysis & Benchmarking	Inputs to calculate Range of Value, Profit Gap and Value Gap
Determine Range of Value and Profit Gap	Range of Multiples & Range of Value. BIC Earnings at given level of sales to calculate Profit Gap
Business Attractiveness and Personal, Financial, and Business Readiness Assessment	Attractiveness and Readiness Report
Correlate Attractiveness and Readiness to ROV and determine Value Gap	Present and BIC Business Values, Value Gap

Creating the Vision

Opportunity

- What will your business look like in 3-5 years?
- What does your life look like in 3-5 years?
- What are the roles of key people in your life and those working for you?
- What kind of customers are you selling to? How much? Where?
- What products & services are being offered? Where are you in the market? Are you dominating?
- How has your role changed in professional and personal lives?

Creating the Vision

Focus – taking the intangible and make it tangible. Create your road map

Growth is a result – not an action

Know what it will take

Think through your plan

Put the right people in place

Create more resources

Prioritize

Do a few things at a time very well

Family Love Letter – road map for family

Co-authored

Estate Planning Attorney, John J Scroggin

Financial Advisor, Donna Pagano

What is it?

Roadmap for spouses and next generation

Gift of information

Stories, hopes and desires – in the event of incapacity or loss

The Link – “voice of family dynamics”

Anticipating the Unexpected

Engaging the family

What do you
Have?

Where is it
located

Who do you
Contact?

Not a typical Estate Planning Tool

Actionable

- Engages next generation

- Builds alliance with CPA's, Attorneys and other COIs

- Creates a marketing system

What makes it different?

- adds human element to difficult, uncomfortable topics

- creates open door for advisor/family conversations

- Engages spouse and/or other family members

CONTENTS OF THE FAMILY LOVE LETTER

The Family Love Letter is designed to:

- Provide information in a time of grief, stress and confusion at death or during an incapacity;
- Minimize the types of inadvertent mistakes which often occur during this turmoil; and
- Has as the primary purpose – to reduce the confusion and stress, which almost always accompanies the death or incapacity of a loved one.
- Family Love Letter is not a financial or legal document, but a system that may help women and men get their financial house in order by organizing their thoughts, wishes and assets.

Every one of us leaves a paper trail.

- The longer one lives, the more one acquires and the Longer...Deeper.... and Broader it grows.
- Families often are left with no roadmap to follow a deceased's or incapacitated person's paper trail.

Communicate with heirs

- A key to success
- Work with trusted advisors
- Hold family meetings – consider bringing everyone to the table
- Consider what do you want to give today vs. in the future
- Choose carefully the people you want to represent you when you can't represent your self.
- Be clear about your health care directives –
 emergency vs. long term

Why do all this work?

- Preserve relationships
- Provide security
- Not a legal document but a system to gather information
- The longer we live, the longer, deeper and wider our paper trail

Life Events Checklist

- How often do we update?
 - Household formation events
 - Inheritance Events
 - Career Events
 - Retirement Events
 - Health/dependency Events

CONTENTS OF THE FAMILY LOVE LETTER

The Family Love Letter consists of 5 Sections in organizing all the information one wishes his/her family to know

Section I – Advisors and Assets

Section II - Financial Information

Section III – Insurance and Benefits

Section IV – Legal Documents and Other Information

Section V – Family History and Ethical Will

The first 3 sections of the Family Love Letter capture all the financial information regarding assets, liabilities, investments, insurance, retirement benefits, military benefits, credit card information, subscriptions, frequent flier miles, prescriptions, medical/medicare specifics, and household income/expenses.

Section 4 allows one to list his/her Wills, Trusts, Powers of Attorney, passwords to computers and websites, important phone contact, handling of digital assets, and it directs how one wants his/her special needs family members and loved pets to be cared for. It addresses the listing of all personal items in the homes and who one may want to receive these items, and what information may be needed in the event of incapacitation and death. It includes important numbers such as drivers' license, social security, passport, and medicare number etc.

Section 5 captures family history, information about religious, fraternal and charitable activities, as well as one's medical history. The Ethical Will portion of this section captures what has been meaningful in one's life and what were those things he/she accomplished during life, their values, and traditions he/she wants to be passed-on to the children or grandchildren.

Of course, each section offers much more relevant detail.

Create a Plan

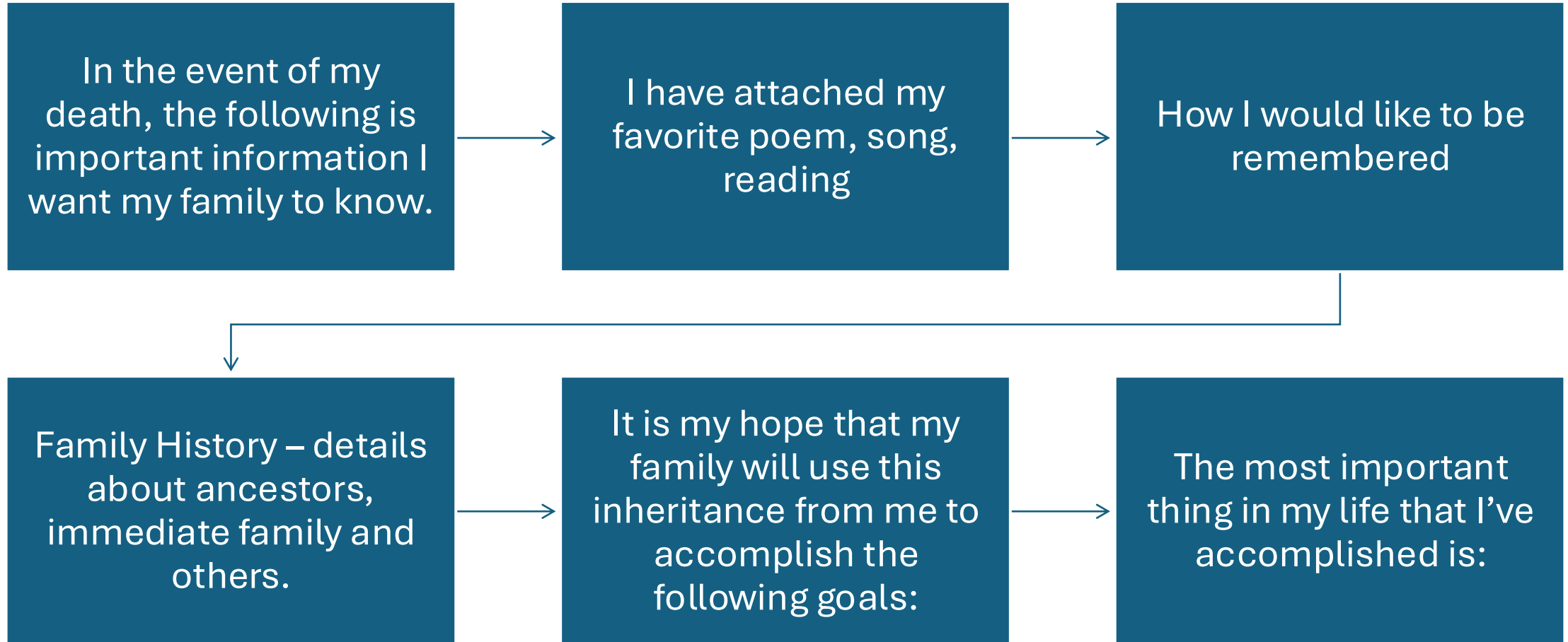
- Take a “snap shot” of where the family is today
 - Assets and liabilities
 - Investment portfolio
 - Retirement Income needs
 - Annuities and insurance coverage
 - Cash needs
 - Provisions for long-term health care
 - Living Will
 - Health care proxy
 - Collaborate with other advisors

- Provisions of your will and trust
- Arrangements or preferences for care
 - Organ donation
 - Living will
 - Healthcare proxy
 - Funeral arrangements and desires
 - Provisions or care of minor children or other dependents

List of important people with contact information

- Investment advisors
- Real estate agents
- Attorneys
- CPA
- Healthcare providers
- Heirs
- Insurance agent

Questions to answer



Questions to Answer

I believe the most important things in life are:

When I am gone, I hope my family will learn from my experiences

Things

- I already have . . .
- I would like most . .
- I don't need . . .

Experiences

- If I had more time I would . . .
- If I could, I would avoid . . .

People

- The people that are most important to me are. . .
- The type of people I would like to avoid are . . .

Questions?

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