

Building LLC Case Study

Profile

Industry: Construction

Employees: 5

Established: 2015

Building LLC is a business owned and operated by two partners. The company specializes in commercial construction and custom home. Company revenues are about \$7 million.

Opportunities

After meeting with Building LLC, we identified the following initial opportunities:

- Owner unsure of overall company tax strategy and working with current CPA
- Unofficial succession plans
- No company retirement benefits
- Opportunity Zone Strategy
- No personal financial plan for partners
- Needed trusted business consultant

Areas of Focus

Legacy partnered with Building LLC to provide business services covering the various issues and objectives we identified. Not all businesses are the same and not every business owner is either. We knew that the owners were more knowledgeable and passionate about real estate, so our team focused on strategies involving non-traditional investments. Page 2 contains the results of our first 12-month engagement.

Tax Strategies – Building LLC's tax professional was providing tax return services and minimal tax advising. When we got involved, we immediately brought two tax savings strategies to their attention. The qualified business income deduction (QBI) is available for certain businesses to deduct up to 20% from their income for taxes. The other strategy was identifying particular properties inside Opportunity Zones to generate potentially tax-free gains.

Protection Planning – Normally business owners are so busy with revenue-generating projects that they can overlook essential business protection strategies. We helped the partners design and fund a Buy/Sell business succession plan. This protects the living partner and helps the deceased's beneficiaries transition ownership of the business. We also encouraged the partners to consider the negative effects of a key person passing away. Keyman planning helps reduce the financial and emotional stress of losing someone important.

Company Benefits Offering – Because Building LLC has a small team, it can be hard to establish cost-effective employee benefits offering that profits both the business and its employees. Retirement plans and medical group benefits were two options that we helped the partners evaluate. Completion of this goal helps Building LLC attract and keep talented staff.

Personal Planning – Since a business' success and failures impact the personal finances of its owners, it was necessary to help them with their personal planning as well. We reviewed and recommended various strategies concerning their retirement, education, estate, investment, insurance, and tax planning goals. Not surprisingly when the partners were more organized personally, their business benefited.

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Results

- Confidence to grow business
- Built and funded buy/sell agreement
 - The partners utilized life insurance to provide the funds needed to buy out the deceased owner's spouse in the case of death.
- Updated operating agreement
- Evaluated various retirement plan strategies and group medical insurance packages
- Confirmed usage of the QBI deduction
- Introduced partners to opportunity zones
- Owners received financial advice for their personal situations

Engagement

Based on the complexity and number of items the client wanted to address with our team, we set our annual fee at \$8,400.

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