Commercial Financial Services

How to succeed with business succession planning

Your guide to transitioning your business

RBC Royal Bank®

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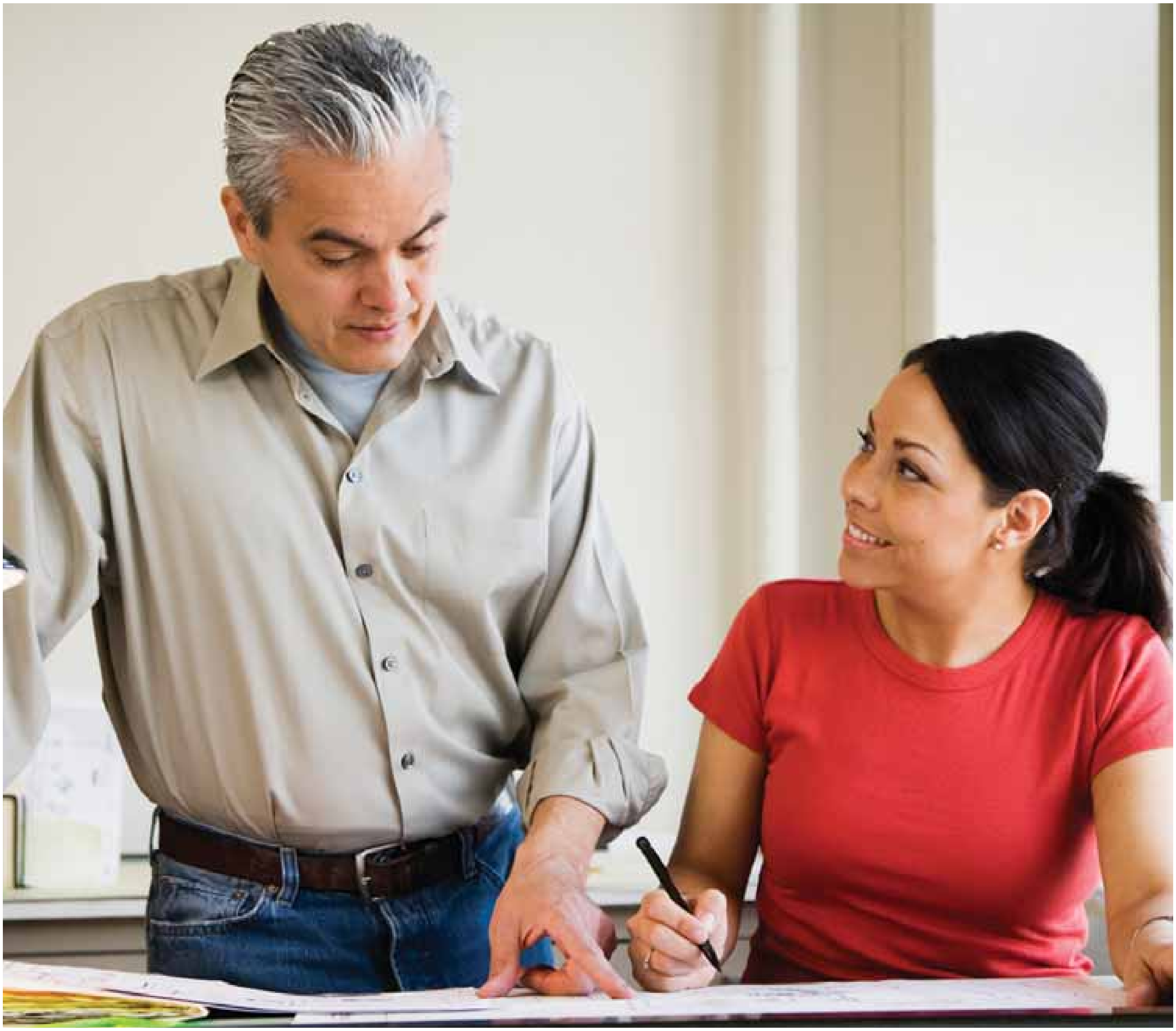


Planning for success

You've spent years building and growing your business; it's become a source of great pride. Now you're looking to the next stage in your life and considering how to prepare both you and your business for this transition. Whether you're planning to gradually step away from your business, explore personal interests or pursue new business ventures, having a business succession plan that clearly outlines your intentions and goals helps make this transition easier for you, your family and your business.

This guidebook can help get you started in the succession planning process. At RBC Royal Bank®, we'll support you through your planning process with advice and solutions that match your business and personal needs. From business transition advice to wealth management, personal retirement and estate planning, we can help you through this process that will benefit both you and your business.

1. True or False?
(see page 20 for the answer)

There is very little beyond business ownership that will challenge me emotionally or intellectually.

Your business succession plan

A succession plan is a detailed roadmap that provides direction on how the ownership of your business will be transferred. It identifies your potential successors or confirms that successor and details the transfer of the ownership of your company. A successful plan includes documents like agreements, wills and powers of attorney, business, estate and tax plans. Having each of these elements in place will provide the assurance that your business continues to thrive while you achieve your personal goals and financial security for the future.

Your succession plan should include:

- ☐ Business strategic vision and goals and business plans for current and future operations
- ☐ Your personal and family goals
- ☐ Your preferred exit option including potential or identified successors
- ☐ A valuation of your business
- ☐ A personal retirement plan including life insurance and estate planning
- ☐ A timetable for events and transition
- ☐ A communication plan for advisors, family members, shareholders and key employees
- ☐ Information to ready your successor
- ☐ Taxation and legal issues
- ☐ Mechanics for transferring ownership in the business
- ☐ A financing outline for the succession plan
- ☐ A procedure for monitoring the succession process
- ☐ Contingency options including planning for incapacity or untimely death

Once you have completed your succession plan you may want to consider sharing it with your key employees to ensure they understand your goals and “buy-in” to the plan, as they will be helping you implement the transition.

You get out of retirement what you put into it. With planning, your life beyond your business can yield as many exciting milestones as your time at the helm. It’s up to you.

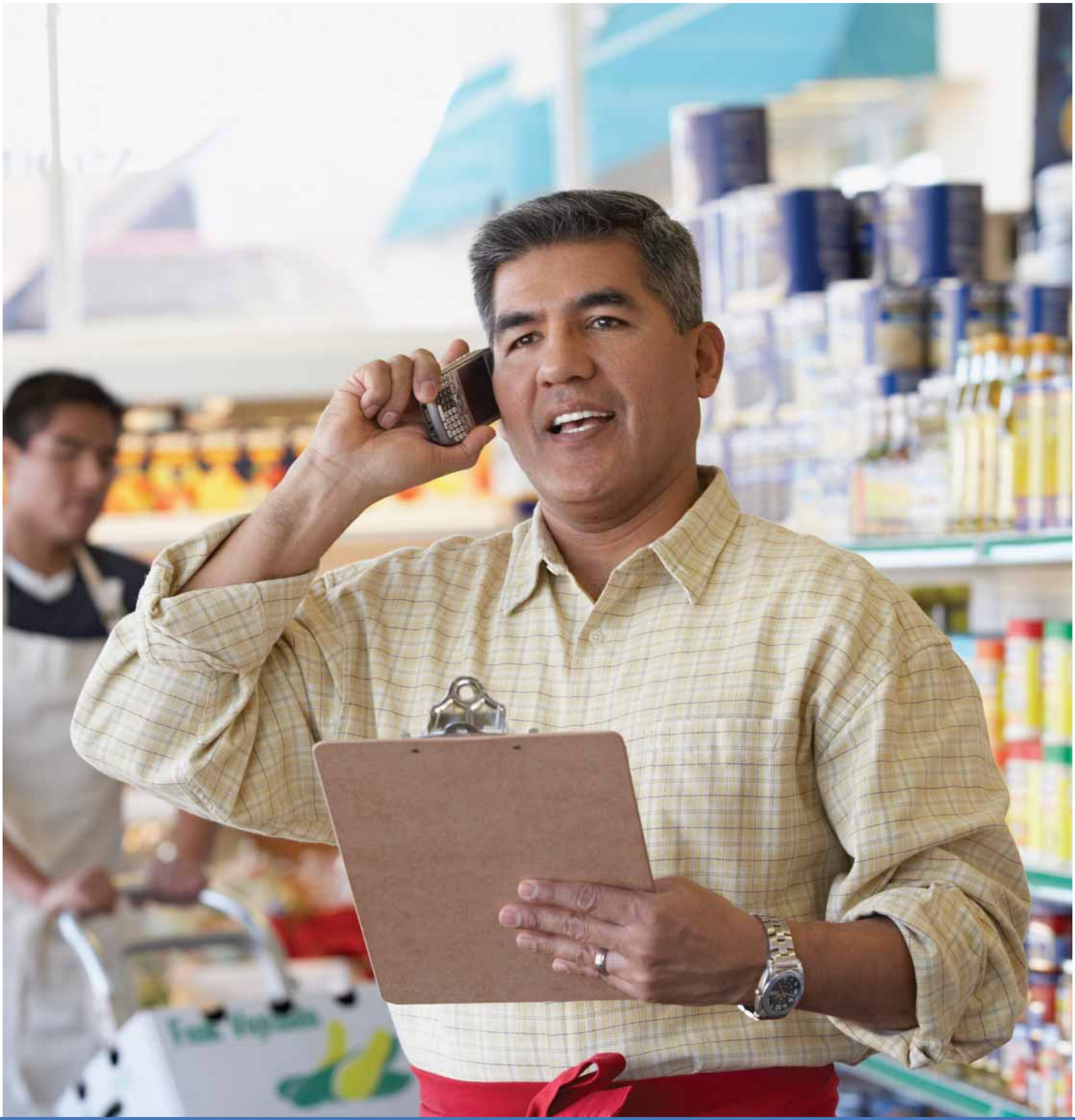
Benefits of a succession plan:

How your business may benefit:

- Enhances the strategic direction of your business
- Creates an environment for a seamless transition
- Helps to establish the highest value for your business
- Contributes to ensuring business continuity

How you benefit personally:

- Helps to prepare you for the next stage in your life
- Provides retirement income planning
- May minimize the tax impact on the sale of your business
- Addresses family members’ interests and concerns
- Puts you in control of your future and the future of your business



1 in 4 owners are considering exiting their businesses within the next 5 years[1].

How to get started

There are three basic steps to getting started on your succession plan. First, it is important to evaluate your current situation from both a business and personal perspective. The second step involves reflecting upon your personal goals for the future. This is followed up by assembling an “advisory team” who can help advise and guide you through the succession planning process. Step one begins with examining your current situation, ask yourself the following questions:

Step 1: Examining your current situation

- How much is your business worth?
- How much income is required to support your lifestyle?
- When would you like to reduce/exit your role?
- How much time do you have for a transition?
- Do you want to remain with the business in some capacity?
- Are you selling the entire business, or parts thereof?
- Who are the stakeholders in your business?
- Do you have a shareholders’ agreement?
- Who is able to run your business if something were to happen to you?
- Do you have a power of attorney?
- How much business and personal insurance do you have and who are the beneficiaries?
- Do you have a current will?

Step 2: Define your future goals

- What would your ideal future lifestyle look like?
- How much income would you require?
- How will your family support your goals? And what role will they play?
- Do you or your family have any potential health issues that could affect your plans?

Step 3: Assemble your advisory team

Just as you had help in establishing your business, you can also benefit by having a team to assist you in your business transition. Because there are many facets to developing a succession plan, having the right partners at the table will enable you to gain objective advice and develop sound strategies.

Working with professionals who have had the experience of supporting other businesses through succession planning and business transition will provide you with relevant insights and proper advice. You may decide to coordinate most of the transition yourself, or you might feel more comfortable appointing a trusted advisor to spearhead the planning and represent your best interests. Whatever you decide, your team members can work with you – and with each other – to ensure the successful transition of your business.

The chart on the next page is a list of possible candidates for your advisory team. You may not need all of them at the same time, but you will probably require the services of most of them at some point during the process.

45% of business owners planning their succession intend to have a continuing role in the business[1].

Candidates for your advisory team

WHO THEY ARE	THEIR ROLE ON YOUR ADVISORY TEAM
ACCOUNTANT	› Develops financial statements › Provides taxation advice › Assists in estate planning › Provides advice for business restructuring › Assesses business value
LAWYER	› Negotiates and drafts any necessary agreements, such as a shareholders agreement › Provides tax planning advice › Prepares wills and powers of attorney › Advises on existing and proposed business structures and implements any needed corporate restructuring › Negotiates and drafts any necessary purchase and sale agreements
FAMILY MEMBERS	› Support family interests › Provide an opportunity to understand each member's perspective about the business and their future roles in it
MANAGEMENT TEAM	› Manages ongoing operation of the business › Needs to "buy-in" to successfully execute business plans › Provides operational advice and expertise for new owners › Enables business continuity
BUSINESS VALUATOR	› Estimates fair market value of the business › Provides credibility to asking price › Provides advice and suggestions on how to maximize business value
BUSINESS BROKER	› Finds a buyer › Provides market insights › Provides insights on enhancing business value
MENTOR	› Provides guidance on the development of the succession plan
FAMILY BUSINESS FACILITATOR	› Facilitates family councils › Clarifies boundaries and goals › Examines family values › Mediator for family resolutions
RBC® COMMERCIAL ACCOUNT MANAGER	› Offers business financial advice › Provides access to a network of RBC experts › Advises on financing options and may provide alternatives for financing the acquisition
RBC PERSONAL FINANCIAL ADVISOR	› Offers personal financial advice › Advises on retirement planning, personal wealth management and estate planning › Helps define future goals

Considering your exit options

There are three main exit options for business succession:

1. Transfer the business to a family member
2. Sell to a partner or your employees (often referred to as “Management Buy-Out”)
3. Sell to an outside buyer

Your advisory team can help you assess your options and decide which exit strategy is right for you, your family and your business.

BUSINESS SUCCESSION STRATEGIES – THE BREAKDOWN[1]	
Sell to third-party	34%
Pass business to family members	29%
Sell to management/ employees	15%
Sell to partner	11%
Don’t know	11%
Wind down business	1%

Option 1: Keeping it in the family

Many owners hope to one day pass their businesses on to their children or other family members; this option is not always available or advisable. In addition, there may be differing views and expectations within the family that need to be identified and addressed before a transition can take place.

Is a family succession feasible?

Perhaps the first and most important question is whether a family-based exit strategy is a viable option. For some business owners, it may not be, particularly where children are not old enough or family members are unfamiliar with the business. When evaluating this option, you may wish to consider the list of questions below.

- Are there one or more family members who want to take over the business?
- Does the family successor have the skills to operate the business and guarantee your retirement income and return on investment?
- What qualifications, skill-set and training would they need in order to succeed?
- How would employees, suppliers and customers react to a family-based succession?
- What would objective outside advisors or directors say about a family-based retirement?
- Can a family successor finance the purchase price in a manner suitable to the circumstances?
- Can the business take on additional debt to enable you to take out a lump sum payment?
- If you intend to make a gift of some or all of the business to the child, what will you do for the children who are not involved in the business?
- What is the most tax-efficient way to pass ownership to family members?
- What will be your continued role in the business, if any?
- How will this succession option impact the rest of the family?

Age, ability, personality and maturity of a son or daughter should be assessed in relation to the size and complexity of the business.

Where there is more than one child, you must also assess their ability to interact and work with each other. You may wish to consider:

› How will individual roles and responsibilities be assigned?

› Is there agreement as to how the business will operate?

› How will the wishes of silent family partners be addressed?

From a financial perspective, another consideration is the adequacy of liquidity in the business to allow family members to take over. If you don't have enough cash outside the business to support your lifestyle and must rely on the successor's ability to provide income, it is important to ensure the business will continue to perform well.

2. True or False?

(see page 20 for the answer)

In about a decade, Canada's population will have more people at an age where they can leave the labour force than at an age when they can begin working.

When considering business succession it is important to plan for the future of your business to ensure ongoing viability. Think about the following:

- Will some organizational restructuring be required?
- Which family members will take leadership roles? Will other family members be placed into management roles?
- Will a shareholder agreement be entered into to define shareholders' rights and responsibilities?
- Are prenuptial agreements prepared to protect the company against potential marital breakdown in the future?
- Are there wills and powers of attorney finalized in the event of a sudden accident, illness or death?
- What share of ownership will be family-held [two concepts ownership and management]?
- Will shares be issued to or for the benefit of children and grandchildren?
- Will family share eligibility be contingent on employment conditions within the company?

Start holding family meetings early

Family meetings are an ideal opportunity to start discussing business succession. These sessions can help create trust and understanding around estate planning, retirement and wealth management issues.

A family meeting is an opportunity to discuss:

- Retirement options with your family, even if you don't have a successor in line or in mind
- Whether you should keep the business in the family
- What is needed to grow new leaders, inside and outside the family business
- Alternative exit strategies for your family-owned business

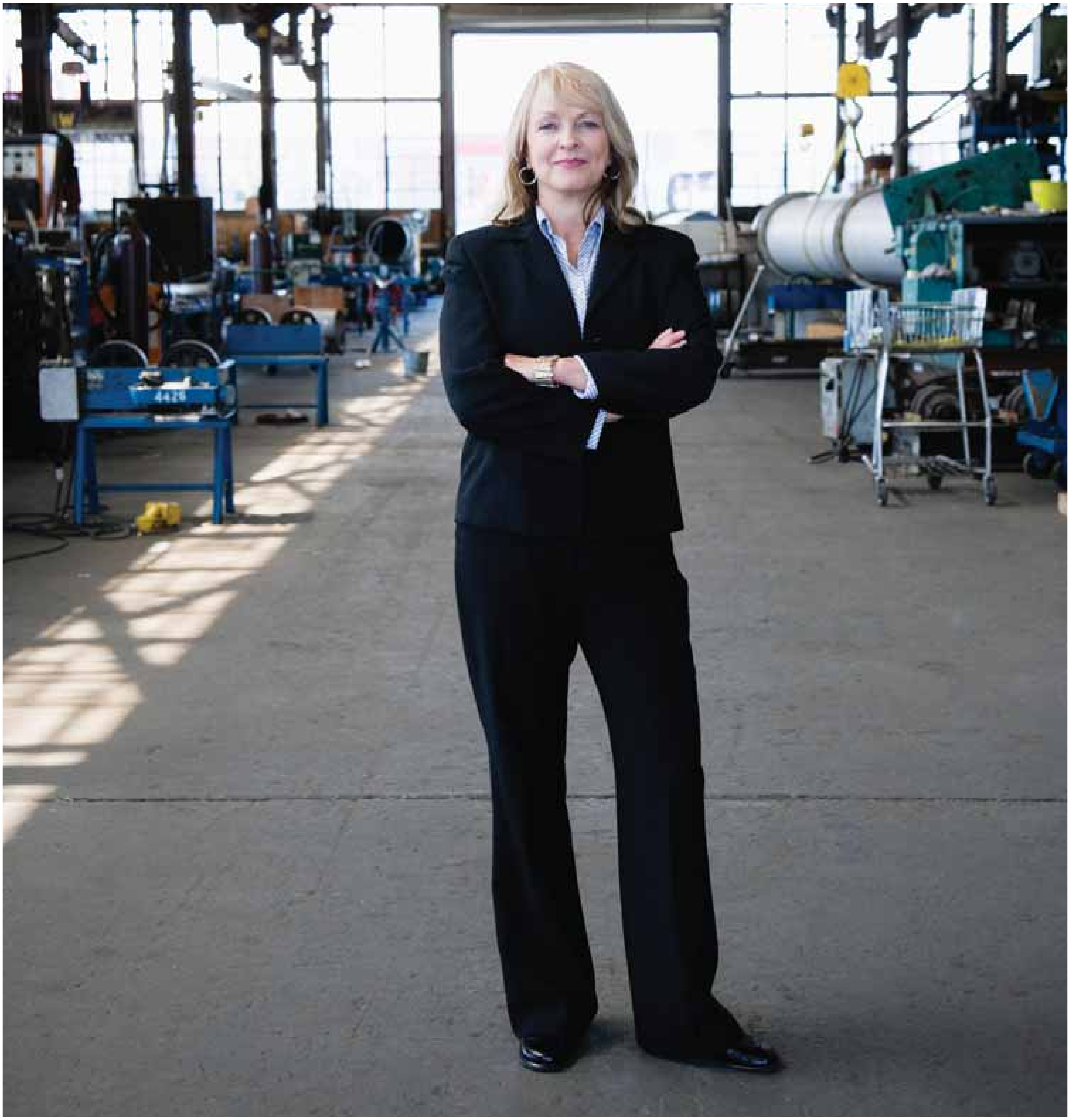
The decision to pass your business on to one or more family members should be discussed with the entire family.

Option 2: Management/partner "buy-out" (MBO)

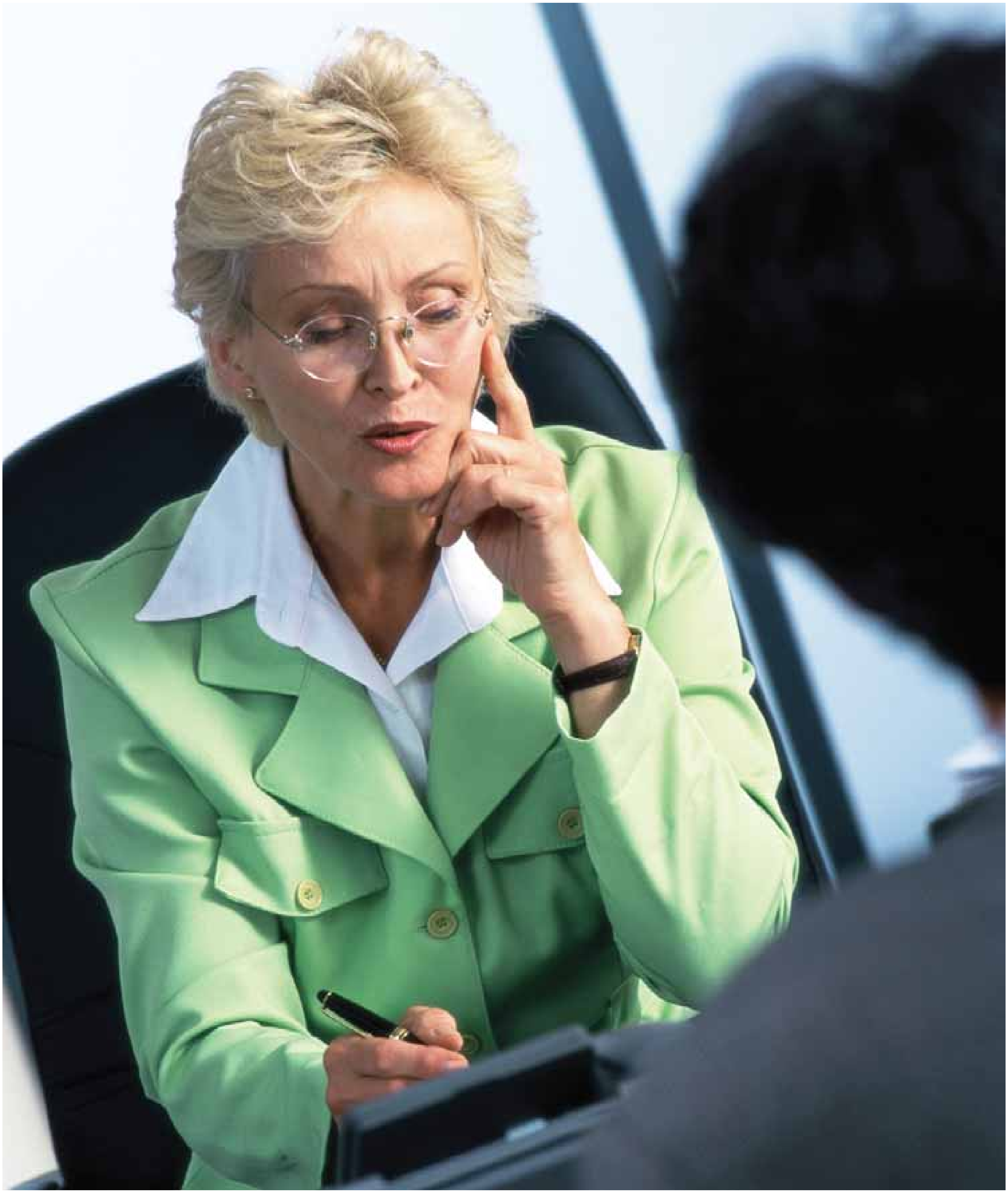
Selling your business to your partners or a group of employees can be an attractive option to consider. Current employees know the business and have a vested interest in seeing it prosper. As well, customers, suppliers and investors may be reassured by the stability this option offers.

You may want to consider these questions when evaluating this option:

- Which employees or business partners would be best suited to purchasing your interests?
- Do the purchasers have access to sufficient funds to buy you out entirely or will you have to finance part of the purchase price?
- Do employees have the vision and management capability to assume an ownership role through the transition period and run the business profitably long term?
- Is your management team prepared to assume the risk of ownership?
- Can the business take on additional debt to support the management in financing the acquisition?
- If you have to finance part or the entire purchase price, can the purchaser profitably run the business to ensure your repayment?
- Will the purchase price be paid from future profits or employees' own capital?
- Are employees able to provide personal indemnities and assume successor obligations?



If your exit is a few years away, you may also want to consider financing the sale by using an "earn-out" agreement, a consulting arrangement or even a special pension plan that lets partners or employees purchase the business over a longer term. A common MBO strategy is the Employee Share Ownership Plan (ESOP). This plan allows a group of employees to purchase the entire company or a portion of the company (the departing owner's interest).



It could take a year or more to find a buyer and execute the sale of your business.

Advantages of an MBO:

- The management team knows the business environment, its customers and the industry
- The sale transition time may be compressed as the management team already understands the core business
- By selling to management, you avoid a steady stream of potential third-party buyers touring the facilities and reviewing records
- There will be little disruption to the day-to-day operations
- Confidential information is not released [It is released to management that may not have been previously privy to same]
- Management may become more concerned with profitability

Working closely with your management team to develop a transition plan will help ensure a smooth exit and minimize disruption to business operations and employee performance.

If your company does not have a management team positioned to take over the company, consider bringing in a new partner or an outside senior executive who can eventually buy your interests. Over time, you would be able to turn over control and transition the business ownership gradually.

Option 3: Sale to a third-party

For some business owners, selling to a third-party may be the best option. Once your business is on the market, it is not unusual to take more than a year to find a buyer and finalize the sale. Your advisory team will be invaluable in providing the support and impartial advice during the process to keep your best interests in mind.

If you are considering a third-party sale, you may wish to think about the following:

- Where can you find an interested buyer? Who might be likely candidates within your industry, or amongst related industries, i.e. upstream or downstream
- Do you want to sell the whole business or parts of it?
- Is it important that a potential buyer have the entire financial resources necessary to purchase the business, or would you be prepared to partially fund their acquisition?
- What is the most tax-efficient way to structure the sale?

So, where do you find a buyer? A buyer can come from anywhere – your customers, suppliers, business community or even the competition. A professional business broker is often useful in finding a buyer. Buyers typically fall into one of two groups:

Financial buyers: These third-parties seek solid assets, cash flow and a strong return on equity.

Strategic buyers: These buyers are more interested in how the business purchase fits into their long-term growth plans in terms of market opportunities or as an extension of their supply chain.

When selling to a third-party it is important to be cautious about the pre-sale details you provide. If a deal does not close, the prospective buyer may have information which is advantageous to them, enabling them to move ahead in your market without you. Your advisory team can help protect your interests in this situation so seek legal advice prior to disclosing business sensitive information.

The third-party sale structure will also differ from a sale to a family member or employee. An outside buyer will likely want written assurances there are no liens or pledges of security against assets, as well as a longer payment period or "earn-out" based on performance.

Experts suggest it's not wise to "test" the open market unless you truly intend to sell. Apart from the fact it makes public your intention to get out of the business, it also drains valuable management time and resources. Many businesses can stagnate during a selling period because the owner may not want to make major strategic decisions that could affect the price.

What if a buyer makes the first move?

You may find yourself being approached by an interested potential buyer. In this case, having your succession plan prepared provides easy access to the financial, business valuation and legal documentation required to facilitate a third-party sale. Leverage your advisory team's expertise, as the sales process may become accelerated and decisions may be needed quickly.

Some owners may underestimate their business' value, while others may grossly overestimate it. A professional valuation can help to establish a business' value.

Determining the value of your business

Knowing the value of your business is just good business. Undergoing a business valuation is an important step for all succession plan options. The company valuation can be used for a number of purposes that can range from supporting the "fair market value" for taxation purposes to assisting you in determining a selling price.

There are many professionals qualified to assess the value of your business. They can review your financial performance, provide an industry outlook and propose strategies to enhance the market value of your business.

Key factors that influence the value of your business

- Historical earnings performance
- Future earnings potential
- Accounts receivables
- Contracts
- Assets (such as inventory, equipment and real estate)
- Patents & trademarks
- Capital restructure
- Reliability of supply chain
- Supplier relationships
- Company reputation
- Customer concentration
- Strength of management team
- Market factors
- Industry outlook

There are three common methods used for business valuation:

1. **Cost or asset-based approach** totals all costs and investments dedicated to the business. This method is simple and straightforward, however; it doesn't take into account things such as the business' competitive reputation, market share, expertise or future earnings.
2. **Market Value** compares your business to those recently sold. While reasonably accurate, it may be difficult to find comparable businesses.
3. **Earnings-based approach** is most commonly used. A price is calculated based on historical and future earnings. This approach relies heavily on management predictions of performance and normalized events.

What if the value of your business is lower than you expected?

If you find that the value of your business isn't what you were expecting, you can look at enhancing company value through the following:

- Exploring new markets for growth
- Investigating strategic acquisitions
- Investing in sales and marketing efforts
- Reviewing product line for efficiencies or new opportunities
- Diversifying your customer and supplier base
- Enhancing management infrastructure
- Reducing discretionary spending
- Disposing of non-operating assets
- Minimizing contingent liabilities

Work with your advisory team to explore and identify options that can help maximize the value of your business.

Retirement planning options for business owners

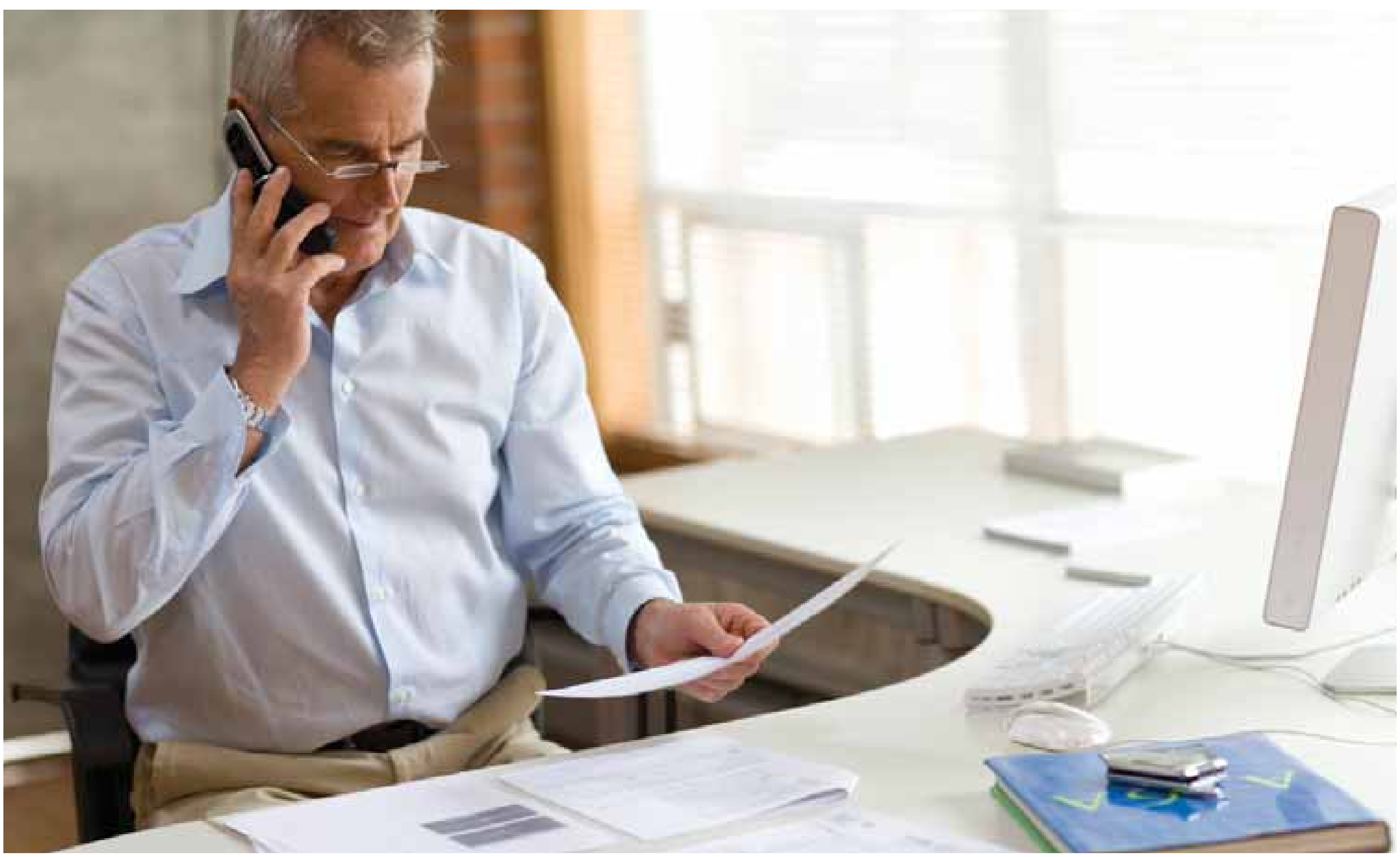
Specific retirement planning options are available to businesses owners above and beyond traditional options. Discuss these options with your advisor to see which ones would work best for you. They include the following:

Individual Pension Plan (IPP)

If you have a corporation and earn a salary, you can establish an IPP to increase your pension savings. An IPP is a defined benefit pension plan designed and structured for one individual member. Generally speaking, an IPP is most suitable for business owners who are at least 40 years of age and earn an annual base salary of $100,000 or more.

As a defined benefit pension plan, the benefit payable at retirement is specified and IPP contributions are made accordingly. The maximum IPP contribution limit is greater than the RRSP contribution limit and contributions are tax deductible to the company. Also, as a registered pension plan, it offers a level of protection from creditors. Although you can contribute, typically your company makes your contributions. However, even with its many advantages, there are some potential disadvantages which should be considered before you commit to an IPP:

- You may not have as much flexibility to split income on retirement.
- Your pension benefits are locked-in under applicable pension benefits legislation until retirement, at which time they must be used to provide retirement benefits (usually in the form of a life annuity or life income fund).
- The pension adjustment arising from your IPP in the prior year will be deducted from your available RRSP contribution room each year. Thus, you may not be able to contribute to your RRSP.
- Since an IPP is a registered defined benefit pension plan, annual federal and provincial reporting is required as well as an actuarial valuation every three years.
- There are start-up and ongoing costs of administering an IPP.
- The company is required to make the contribution even in less profitable years.



Insured Retirement Plan (IRP)

An IRP offers tax-free supplemental income through tax-exempt life insurance. You may want to consider an IRP if you are at least 10 to 15 years from retirement, are already maximizing your annual RRSP contributions, have available disposable income, and require life insurance.

Retirement Compensation Arrangement (RCA)

Similar to an IPP, a company can use RCAs to invest for the retirement of key employees. An RCA is an arrangement where contributions are made by the company to another party (called the Custodian) in respect of benefits that are to be paid to the employee after the employee's retirement or termination. When the company makes a contribution to the RCA, 50% of the contribution is deposited with the custodian of the RCA Trust to be invested in an investment account and the other 50% is deposited with the Canada Revenue Agency (CRA) as a refundable tax in a non-interest bearing account. Furthermore, 50% of all interest income, dividends and realized capital gains earned in the investment account must be remitted to the refundable tax account. As the employee receives benefits, the CRA refunds $1 from the refundable tax account for every $2 paid out of the RCA Trust. RCA payments can be either a lump-sum payment or as supplementary retirement benefits.

An RCA is advantageous because it avoids the valuation requirements of an IPP, and because a contribution to an RCA provides an immediate deduction to the company and is not taxable to the employee until benefits are received. Usually taxes paid by the employee are lower since their taxable income declines upon retirement. Disadvantages of an RCA include the high refundable tax rate of 50% and the loss of preferential tax treatment for capital gains and Canadian dividends.

Financing the acquisition of your business

A key part of the succession plan is the financing of the change of ownership. Regardless of which exit option you choose, the financing principles remain the same and will require consideration from both the seller and the buyer, such as:

What assets are being sold?

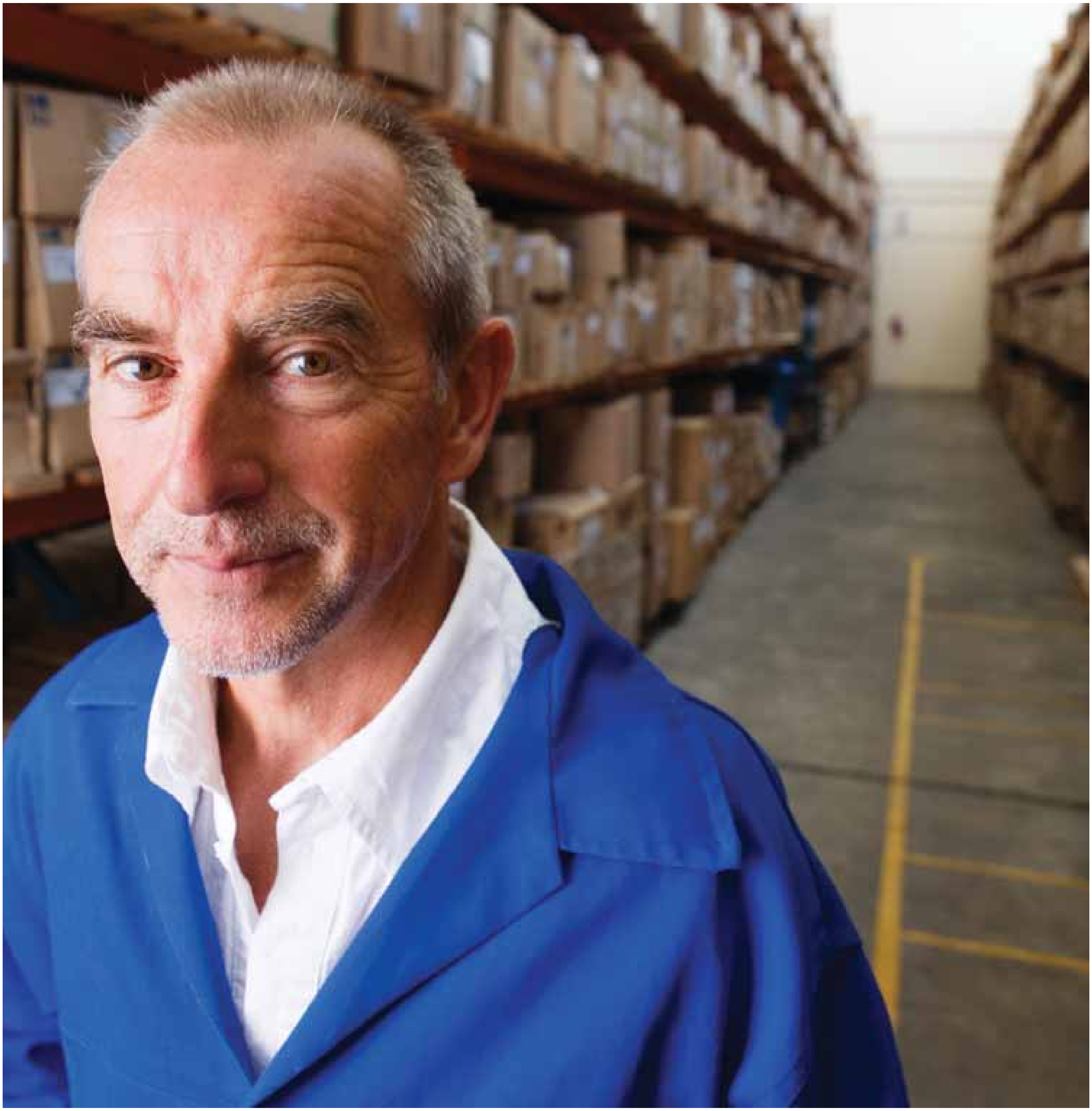
- Are there assets that will not be included in the sale?
- Is the current structure the right structure?

The Seller:

- What is your ideal selling price?
- How do you want to be paid?
- Will you be a source of financing for the purchaser?
- What is your ideal method of payment?
- What are the tax considerations and advantages for the different methods of payments?
- Are you comfortable with the financing arrangements of the buyer?

The Buyer:

- How much will the purchaser invest?
- Will debt financing be required?
- What are the sources of debt financing?
- What is the ideal debt structure?
- What are the financing terms and are they reasonable?



3. True or False?

(see page 20 for the answer)

Business owners are highly skilled in managing their business finances and they readily apply this skill to their personal finances.

The ability of the prospective buyer to obtain the right financing is a key success factor in the execution of the succession plan, the future success of the business and in structuring the right deal for both the buyer and the seller. There are a variety of financing options available. Getting the most desirable financing option will be driven by the following factors:

- Historical and projected financial performance of the business
- The business cash flow to support debt repayment
- The capital structure of the business
- Business assets available as collateral
- Attractiveness of business and industry
- The financial characteristics of the buyer
- The business track record of the buyer
- How much the buyer is willing to pay to get the funds
- How much interest and control the buyer is willing to release

Your RBC® Commercial Account Manager can advise you on the financing alternatives suited to support the business acquisition. The chart below provides information regarding the more common financing alternatives.

Acquisition financing options

FINANCE METHOD	DESCRIPTION
BANK FINANCING	› Most affordable and easiest to acquire › Available through operating loans secured against accounts receivable and inventories › Also available through term loans, leasing and commercial mortgages to finance capital assets (real estate, machinery)
MEZZANINE DEBT	› Also known as subordinated debt › May be appropriate for businesses that are highly leveraged or those that lack the business assets to finance through bank financing alone › Carry higher fees and rates and may require giving up some ownership interest
EQUITY INVESTMENT	› Suited to companies that operate with limited tangible assets or those that have maximized their borrowing potential › Investors become partners in the business with decision-making rights › Future business' profits repay the investor
VENDOR TAKE-BACK LOAN (VTB)	› Seller supports the financing of the acquisition in the form of a loan or becomes an investor in the business › Ideal for business owner who does not need immediate access to funds and wants to retain some control over the transition of the business › Seller will continue to bear some of the risk of the business
SHAREHOLDER (BUYER) EQUITY OR LOANS	› Buyer uses personal funds to finance the acquisition, either in whole or in part › Buyer may have to borrow, which loans may be secured against personal assets › The amount of the buyer's equity will also be a factor in determining other financing options

Tax strategies

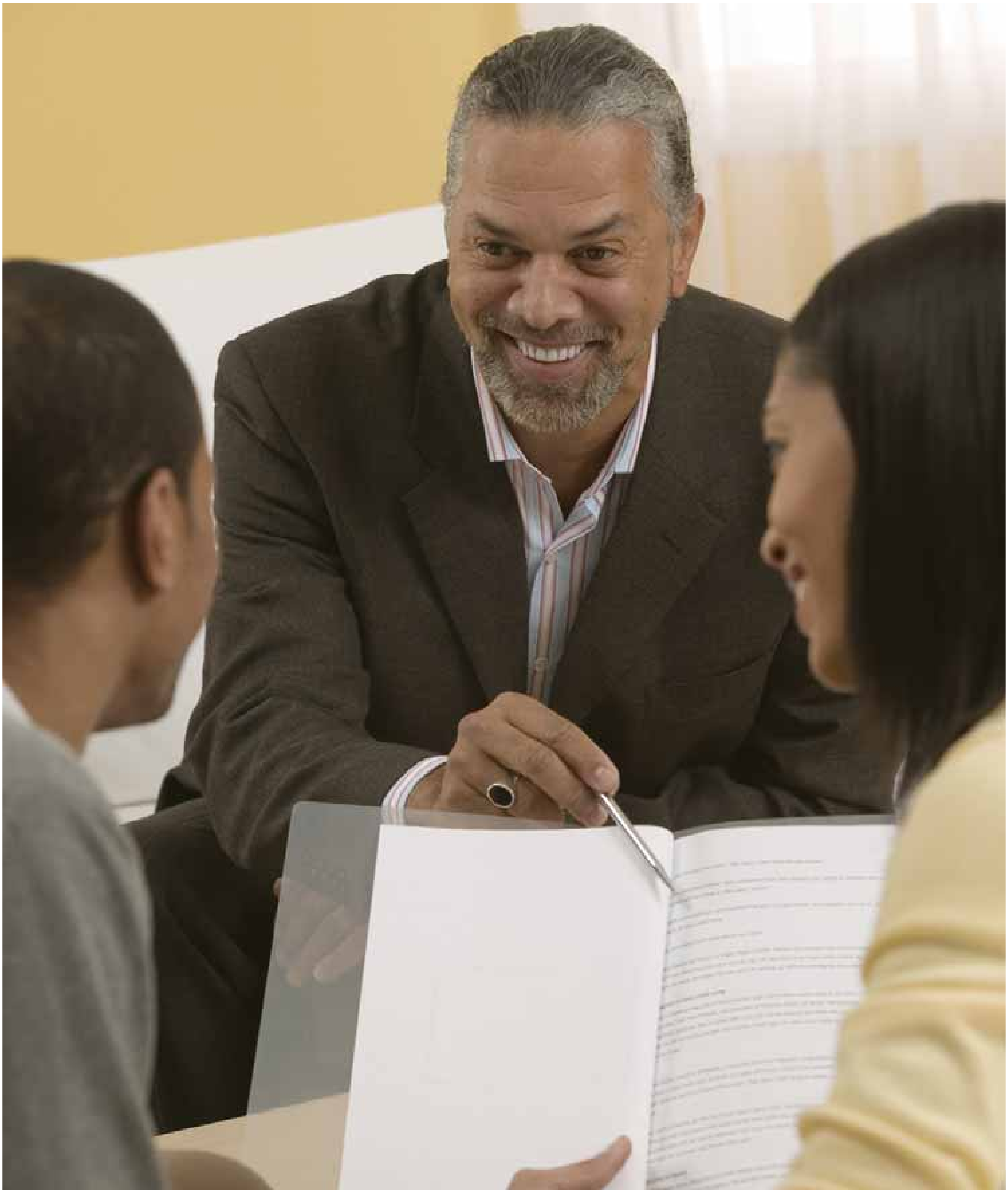
A layer of complexity is created as the value of your business assets transitions into your personal investments. Tax laws and regulations may be complex, requiring advice from a qualified tax advisor or consultant. Some of the tax strategies to discuss with your tax advisor when transitioning your business are outlined below.

Possible tax strategies for succession plans

TAX STRATEGY	DESCRIPTION	KEY BENEFITS
CAPITAL GAINS EXEMPTION	› The seller may be able to claim a lifetime capital gains exemption of $750,000 on the sale of shares	› Potential tax savings on sale of shares
ESTATE FREEZE	› Original common shares exchanged for new fixed value preferred voting shares › Family members (or trust) issued new common shares with nominal value › New common shares have potential to grow in value in the future › Tax liability of original shareholder is capped at value of newly received preferred shares	› May reduce tax liability of original owner on death › Owner and/or family members may each be able to use the $750,000 capital gains exemption › Allows for greater span of ownership › Facilitates income splitting
HOLDING COMPANY	› Places a layer between individual owner(s) and the operating company › Often a key component of an Estate Freeze › Often used to hold non-operating assets such as excess cash / investments outside the operating company › Often used to distribute the ownership interest more broadly among family members	› Potential for income splitting with adult family members › May qualify for the $750,000 capital gains exemption › May be helpful in asset protection from creditor claims against the operating company
FAMILY TRUST	› Often used in conjunction with an Estate Freeze to allow family members to have an indirect ownership of a business › Provides trustee with control over business and distributions to beneficiaries	› Maintenance of control › Potential for income splitting with named beneficiaries or defined classes of beneficiaries › Useful for eventual family succession planning › May reduce probate fees

Remember your cross-border assets

If you have business assets outside of Canada, you may find their sale to be taxable in that jurisdiction. Furthermore, the proceeds received on the disposition of foreign assets may trigger a second tax upon their return into Canada. Tax and legal professionals with experience in multinational transactions can suggest ways to minimize double taxation and smooth the transition of assets on your death.



Your personal retirement plan

When asked to describe their first day of retirement, most business owners can't really picture what their lives will be like. That's because there is much more to retirement than golf, travel and spending time with your family. It's helpful to think of your personal retirement plan as part of your overall business succession plan. Here are some questions for you to consider:

	QUESTION
YOUR BUSINESS	How are you going to spend your time once you exit your business?
FAMILY	How important a role do you want your family to play in your retirement?
HEALTH	Have you considered personal and family health in your retirement decisions?
LIFESTYLE	What types of retirement activities will provide you with meaning, purpose and enjoyment?
LEGACY	How do you want to be remembered in terms of your contributions of time and assets to family, charity or community?
HOME	Do you think you might live in different locations during the different phases of your retirement?
MIND & SPIRIT	How will you achieve your goals and dreams and feel fulfilled?
WORK	Is your spouse or partner also changing their work plans to coincide with your changes?

4. True or False?
(see page 20 for the answer)

Business owners wait too long to retire and enjoy this next stage of life.

When is a retirement plan not a retirement plan?

Surprisingly, most Canadians believe that if they've saved enough money and invested wisely, their retirement years will take care of themselves. Of course, financial planning is essential to a comfortable retirement and your RBC account manager will be more than happy to put you in touch with a financial advisor to assist you with your personal wealth management.

But what about the other aspects of your life in retirement? How will you spend all that time, perhaps one third of your life? An RBC financial advisor can take you through our unique discovery and planning process called Your Future By Design®. It all starts by asking you a few unexpected questions that get right to the heart of what really matters to you when you retire. This special method asks questions about everything from your health and lifestyle to your family relationships and the legacy you hope to leave them. We even touch upon working and setting up a new business during retirement. It's a holistic approach to retirement planning.

Get ready to enjoy the next chapter in your life

You've worked hard to get where you are today. With the right planning, the years ahead can be a very rewarding time in your life, whether you're planning to enjoy some time with family and friends or to embark on a new business venture. Whatever your plans, we can help and support you every step of the way. At RBC, we're ready when you are.

What's your next step? Start with your RBC commercial account manager.

With industry-specific advice and experience, your RBC commercial account manager is available to help you get started on your business succession plan. Working together, we can provide advice specific to your business and individual needs and introduce you to a financial advisor for personal retirement planning, or to our extensive industry and professional network, if you require.

ANSWERS FOR THE TRUE & FALSE QUESTIONS

1. False. It's important to consider what you'll do with your time after you leave your business before you retire. Approach friends and family for their opinions. Take a look at the goals you put on hold to build your business.

2. True. Declining birthrates and advances in longevity are increasing the average age of Canadians. This means that business owners will be choosing their successors from a shrinking pool of talent[2].

3. False. Business owners often do too little personal financial planning and leave it too late. It isn't as exciting as running a business and it can be difficult to ask for help when the owner is so competent at many other things. Many owners also overlook communicating with their spouses about these key life transitions.

4. False. More and more often, business owners are considering their health and families. They have expressed their desires to share a healthy retirement with family.

Working together, we can start your business transition now:

- Talk to your RBC account manager today
- Call 1-800-769-2511 to schedule a meeting
- Visit www.rbcroyalbank.com/succession

[1] Quantitative Study of the Business Succession Market in Canada (March 2007).
[2] Statistics Canada, The Daily, July 17, 2007, 2006 Census, Age & Sex

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