

ESTATE PLANNING

Family Business Transition: Preserving Today's Business and Tomorrow's Legacy

NEEDS

The owner of a 50-year-old family real estate and construction business was referred to Choreo by his CPA. This owner/family patriarch had amassed significant wealth, roughly \$65 million including the business and a large commercial real estate portfolio. The owner also has three adult children, the oldest of whom was the heir apparent, already playing an instrumental role in the business. Additionally, the oldest son is wealthy in his own right, putting the total family wealth at an estimated \$150 million. Previous planning for the owner included two Intentionally Defective Grantor Trusts (IDGTs) on which he paid \$2M in taxes annually, full utilization of his estate tax exemption, and a collection of investment management accounts and life insurance policies.

CHALLENGES

1. While the oldest son was the intended successor for the business, no defined succession plan was in place.
2. The family's real estate development activity required significant financial investment, and project funding tended to be more reactive than strategic.
3. All family members had sizable estate tax exposure and limited liquid capital available to cover the anticipated taxes.
4. Company operations involved considerable liability risk, yet the family did not have a cohesive strategic plan to protect the balance sheet.

CHALLENGES (continued)

5. The family is (and likely will always be) in the highest marginal federal tax bracket and they live in a high-income tax state.

SOLUTIONS

Choreo advisors collaborated with the referring CPA to co-develop an integrated plan addressing the family's complex challenges. The Choreo team contributed in the following ways:

1. Helped the family create a succession timeline and plan to ensure the oldest son could effectively lead the company based on his vision and the extended family's needs.
2. Coordinated with the company's controller to help him manage the family's ongoing ability to fund real estate projects using liquid investments or debt.
3. Analyzed the family's investments with the goal of ensuring investments were appropriately diversified and contained sufficient conservative holdings to meet projected funding needs in the future.
4. Reviewed the estate plans and forecasted the estate tax liability for the patriarch and his three children.
5. Introduced the family to an attorney and life insurance agent suitable for their wealth needs, and collaborated with them to ensure greater wealth transfer to descendants via generation skipping techniques and greater liquidity.

SOLUTIONS (continued)

7. Introduced and helped implement additional asset protection solutions, including asset-holding LLCs owned in South Dakota-situs Domestic Asset Protection Trusts (DAPTs). As part of shoring up the family's asset protection, the Choreo also evaluated the family's umbrella liability coverage to determine it was not only suitable for the family's wealth level but also comprehensive.
8. Developed extensive cash flow planning for the patriarch to determine the personal wealth he needed to sustain his lifestyle.
9. Recommended that the patriarch toggle off the grantor status of the two existing IDGTs, which transferred the burden of taxes from the patriarch to the trusts.
10. Set up regular reporting and recurring meetings as ongoing touchpoints, allowing for strategic planning for upcoming real estate investment needs.

THE BOTTOM LINE

Collaboration between the Choreo team and the family's CPA led to a variety of integrated solutions to effectively address their numerous challenges and opportunities. The core business benefitted from a thoughtful, seamless transition with minimal disruption, and family members are more confident that they're protected against creditors in a risk-intensive business. The family was able to optimize funding of their real estate projects while generating market returns on long-term capital, allowing them to focus on business-building while Choreo managed capital and liquidity. The next generation will now inherit \$50M more in real estate assets with no estate taxes due or with taxes covered by life insurance, and the patriarch looks forward to leaving a well-positioned legacy for future generations.

GET IN TOUCH



[Follow us on LinkedIn](#)



[Visit our website](#)



[Email us](#)

The information provided in this report is for illustrative purposes only, to demonstrate the comprehensive, solutions-oriented approach to financial planning that Choreo, LLC provides to advisory clients. There is no guarantee that the results, outcome or savings described herein will be achieved by any particular client. No assurance can be given that the planning strategies summarized herein will achieve their objectives, achieve desired tax efficiencies or avoid significant losses. The information and opinions contained in this report are for background purposes only, do not purport to be full or complete, do not constitute investment advice and may not be relied on. The experience described herein does not represent all recommendations made to clients nor does it represent the experience of all clients. The reader should not assume that a particular recommendation was or will be profitable or favorable. Choreo, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Registration as an investment adviser does not imply a certain level of skill or training of the adviser or its representatives. This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, insurance, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Choreo, LLC its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed. The sole purpose of this document is to inform, and it is not intended to be an offer or solicitation to purchase or sell any security, or investment or service. Investments mentioned in this document may not be suitable for investors. Before making any investment, each investor should carefully consider the risks associated with the investment and make a determination based on the investor's own particular circumstances, that the investment is consistent with the investor's investment objectives. ©2025 Choreo LLC. All Rights Reserved. Efficiency, incorporating protected trusts for descendants and optimized tax planning. 20250407- 4308492