

## Case Study: Business Owners Exit with a Family Legacy

As an attorney, CPA, or financial advisor, you probably work with several clients who own a family business. You've likely also considered that there may be a [role](#) for strategic philanthropy in family business succession planning to help clients get ready for an eventual exit. But so what? How does strategic philanthropy actually play out in conversations with a real client?

Here's a case study to illustrate a scenario similar to what you might experience in your own practice.



When Mark and Elaine come into your office to update their estate and financial plans, retirement is only part of the future picture they'd like to discuss. At 66 and 64, they are financially secure—but the larger question looming in the background is the future of the family business. After three decades of ownership, they are beginning to explore a sale within the next few years.

The first part of your conversation is very familiar: income projections, portfolio sustainability, and how the family business's corporate structure could evolve to allow Mark and Elaine to step back from day-to-day operations. If you are their financial advisor or CPA, you might run the models, stress-test assumptions, and outline what taxes and retirement could look like if a liquidity event occurs. If you are their estate planning attorney, you might review the company's legal structure and emergency transition plans.

In any case, you know the numbers are strong. A sale would more than fund Mark and Elaine's lifetime needs. But as your conversation deepens, a more complex issue surfaces: what does succession look like—not just operationally, but reputationally and relationally?

"Our two adult children are not active in the business," says Mark. "A third-party sale is inevitable, and we are fine with that financially, but it's a gut punch emotionally." A concerned expression crosses Mark's face as he considers his feelings about a sale to non-family members. "The company's name carries a lot of weight in the community," he says. "For years, the business has been closely associated with the family's identity and local impact. So what happens to that identity if we sell?" Mark wonders aloud.

Elaine's concern is more inward-facing. "I really want our children to stay aligned after a liquidity event. For so many years, company events and trips have been where we've all gathered. I hate to think of that 'glue' disappearing in an instant." Elaine says she has seen other families fracture after a business sale. "They barely see each other anymore," she remarks.

This is where you introduce a broader planning lens. You validate that a business sale is not only a financial event. It is deeply personal and public at the same time. "How the family positions itself before, during, and after that transition can shape both community legitimacy and internal unity for decades," you say. "So you both are spot on with your concerns."

You suggest that philanthropy—structured intentionally before a sale—can serve as a bridge. What you mean is that Mark and Elaine could explore the option to transfer shares in the business to a donor-advised fund at the Chester County Community Foundation well in advance of any potential transaction. Then, when the business is sold, a portion of the proceeds lands in the donor-advised fund.

The tax advantages of the transaction are meaningful. By donating a portion of closely held stock before a legally binding sale process begins, Mark and Elaine are eligible for an income tax deduction, subject to AGI limitations, based on the stock's fair market value at the time of the gift. Later, when the business is sold, the proceeds on the shares held by the donor-advised fund are not subject to capital gains tax.

Still, you emphasize that tax efficiency is only one layer.

Creating a donor-advised fund before the sale allows the family, working together, to articulate a charitable mission while the business is still operating. It signals continuity: although ownership may change, the family's commitment to the community does not.

You suggest to Mark and Elaine that the Community Foundation team join the next meeting. Of course, you remain responsible for facilitating the transaction and coordinating with other advisors. But the Community Foundation's philanthropic advisors can facilitate conversations that go beyond the corporate, legal, financial, and tax aspects, leading a dialogue focused on questions that will shape the family's philanthropy plan, such as:

- What causes reflect the values that built the business?
- How should the family's name be represented post-sale?
- What governance structure will guide the next generation's involvement?

You also share with Mark and Elaine that the Community Foundation can host structured family meetings, provide community needs assessments, and introduce best practices for multigenerational philanthropy. Importantly, this gives the children a meaningful role before liquidity occurs. Instead of simply awaiting proceeds, they begin working together to recommend grants, evaluate impact, and represent the family publicly.

In effect, philanthropy becomes a training ground for shared decision-making—without the operational risk of running a company.

Mark and Elaine love this suggestion. "Let's do it," Elaine says. "This plan makes us feel like a future sale is less like an ending and more like a pivot."

Mark and Elaine's situation is one of many examples of cases where a family business may eventually change hands. But through an intentional philanthropic structure—designed in coordination with the Chester County Community Foundation—the family's influence, values, and unity continue. Please reach out to our team anytime. It is our pleasure to help you serve your charitable clients through all stages of their lives.

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