



# COMPREHENSIVE APPROACH

RECOGNIZING THAT PERSONAL FINANCES ARE OFTEN USED TO GET A COMPANY GOING, **SUNTRUST** PROVIDES SMALL-BUSINESS OWNERS WITH BOTH WEALTH MANAGEMENT AND BUSINESS BANKING SERVICES.

**IT'S A TOUGH TIME TO OWN** a business. The Mid-Year Economic Report from the National Small Business Association (NSBA) is anything but encouraging: Eighty-eight percent of entrepreneurs surveyed expect the 12 months following July 2011 to produce a flat or recessionary economy—the highest percentage in years. Worried about everything from economic uncertainty to soaring health care costs, 45% of the owners surveyed see no growth opportunities in the coming year.

“They’re stressed. They’re concerned,” says Christian D. Beyers, managing director and senior vice president in the Private Wealth Management Group of Atlanta-based SunTrust Banks. “Their main concern is getting the business from where it is to where they want it to be. We’re clearly in unprecedented times.”

#### **DELICATE BALANCE**

In this type of climate, it’s more important than ever for small-business owners to get control of their des-

tiny by obtaining the financial advice and support needed to manage both their personal and business finances, says Beyers. Recognizing that many entrepreneurs tap their personal resources to start and grow those businesses, SunTrust looks at the two areas as a whole. The bank’s Private Wealth Management Business Owner Specialty Group helps entrepreneurial clients make smart decisions based on their overall financial situation. They often take the uncommon step of sending a commercial

68%

OF SMALL-BUSINESS OWNERS CITE ECONOMIC UNCERTAINTY AS THE MOST SIGNIFICANT CHALLENGE TO THE FUTURE GROWTH AND SURVIVAL OF THEIR BUSINESS.

banking manager and private wealth manager to meet with clients as a team.

"In today's economy, business owners have unique financing needs," says wealth strategist Frank Goins, a senior vice president in SunTrust's Private Wealth Management Group. "They are caught between the health of their business and the health of their personal finances. It's a delicate balance. We help them see the whole picture."

Whether it's boom or bust, business owners have very different financial needs than their corporate friends. Chances are, they have risked personal security by tapping their credit, family savings, or home equity to

start or expand their company. SunTrust, one of the nation's largest financial services institutions, has a 100-year history of working with business owners. It "gets" this fact of life, and its advisers tailor their financial services accordingly. "We're not going to look at one area of life and ignore everything else," says Beyers.

To provide the right advice to entrepreneurial clients, SunTrust begins by assessing where they are in the business life cycle—the growth phase, when founders typically redirect all their earnings back into the business; maturation, when their business becomes successful; transition, when they sell the business or hand over

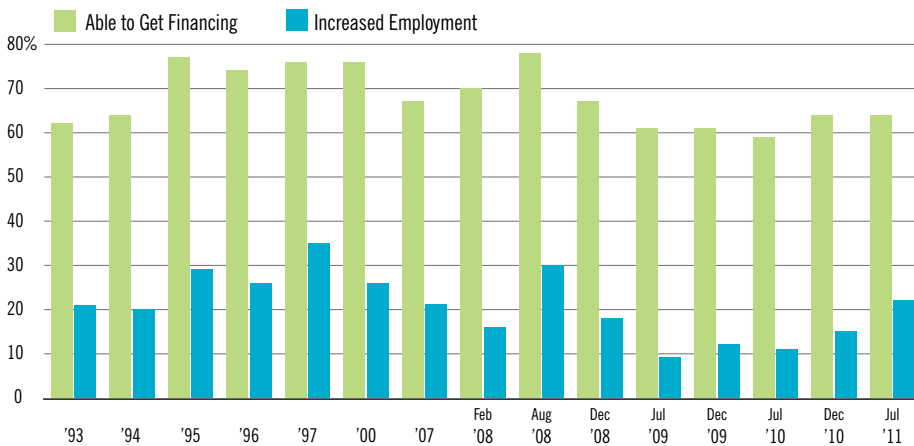
the reins to children; and beyond, when they may become a member of the company's board or devote themselves to philanthropy. Depending on a client's current situation, SunTrust experts work to protect their personal wealth. This can include putting a retirement plan in place or tweaking an existing one. It can also involve devising a financial plan so entrepreneurs can achieve key goals such as saving for a child's education or planning a smooth exit from the business.

"We engage them in a dialogue," says Beyers. "We cover managing and diversifying their wealth, risk management, financial independence, transition planning, and legacy planning."

Source: National Small Business Association, 2011 Mid-Year Economic Report

## FUELING THE JOBS ENGINE

Since 1993 there has been a strong correlation between access to capital and job growth—when capital flows freely, small businesses add workers.



Source: National Small Business Association

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## RETIREMENT PLANNING

Retirement is an area where entrepreneurs typically need help in creating a sophisticated strategy. Case in point: Bob, 50, and Jane, 45, the husband-and-wife owners of a fine arts gallery, needed advice on creating a plan to retire in 15 years. Their goal: an annual income in retirement of \$200,000. With \$1.5 million in retirement savings, \$1.5 million worth of real estate, and a business worth \$3 million, their objective was attainable—with proper planning.

In consultation with their SunTrust client adviser, the couple decided to turn their assets into cash through a non-qualified deferred compensation plan and a long-term lease on their business real estate. To create tax-free income, they paid the taxes immediately and converted a \$300,000 traditional IRA into a Roth IRA.



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36%

OF SMALL-BUSINESS OWNERS SAY THEY LACK ACCESS TO CAPITAL AND 60% DO NOT EXPECT TO HIRE IN THE COMING YEAR.

Source: National Small Business Association, 2011 Mid-Year Economic Report

SunTrust advisers are also highly skilled in helping clients plan for their transition out of a mature business. Caught up in the day-to-day realities of serving customers and managing employees, many owners have little time to think about a succession plan. In a recent SunTrust survey, 65% said they had no current plans to sell or exit their business.

Unfortunately, a clean transition out of a business doesn't usually happen by accident. As Beyers recalls, many owners who wanted to inch their way out of their companies in 2007 had to put their plans on hold when the valuation of their businesses dropped during the Great Recession. "It caused a lot of business owners in the mature phase of their business cycle to delay their exits," he says. "They needed time to get their balance sheets cleaned up and their income statements in a better position."

SunTrust partners know how to help business owners get on track with a transition plan that takes into account current economic conditions, whether their ultimate goal is transferring a company's leadership to a child or preparing it for sale, says Beyers. Take Jack, the 58-year-old founder of a chain of men's

clothing stores. He wanted to sell his business to his daughters within a decade so that he could head off in another direction—say, buy a ranch in Argentina.

#### A POSSIBLE DREAM

Jack worried that his daughters, recent college graduates, would not be able to afford to buy him out on his timetable. His SunTrust adviser helped him weigh his options. He soon opted for a plan that called for creating a buy-sell agreement that set the terms of the eventual sale, including funding mechanisms, when he retired. He also put arrangements in place to train his daughters to run the business, so that he could determine what future roles they would best play. As he learned, achieving his dream was possible—with the right advance planning.

Many entrepreneurs love the independence that comes with running a business, but it can be lonely at the top and hard to get the right advice on dealing with challenges. That's especially true in economic downturns, which may pack a double whammy for owners: reducing sales, profits, and cash flow while shrinking the value of the business and access to credit.

While many Americans look to private business as the nation's job creation engine—small companies are responsible for 64% of the nation's net new jobs, according to the U.S. Small Business Administration—owners

are finding it hard to add the staff they need to grow. In the NSBA survey, 36% of owners said they lack access to capital and 60% did not expect to hire in the coming year, a slight dip from the all-time high of 64% in 2010.

SunTrust's Business Owner Specialty Group is made up of seasoned advisers who have experience riding out challenging economic cycles. All clients also work closely with a commercial relationship manager, who helps them respond to changing economic conditions by rebalancing assets, finding a more cost-effective employee benefit plan, adjusting strategies for building company wealth, identifying new market opportunities, and developing contingency plans.

SunTrust experts know that a strategy that worked five years ago may not be relevant today, and they are prepared to jump on new opportunities, working alongside a business's attorneys, CPAs, and other advisers. "A lot of our business owners are focused on the opportunities in the Tax Act that was passed in December, looking at ways to successfully transition their business and protect it from generation to generation," says wealth strategist Goins.

This law—formally known as the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010—extends the Bush-era tax cuts for individual capital gains and dividend taxes for all taxpayers for two years. This is just one example of how SunTrust is prepared to help business owners stay a step ahead of the headlines. Says Beyers: "It all starts with having a plan." ●

