Essential Planning for Business Owners: Preserving Value and Minimizing Taxes

By Liane Keister on January 20, 2026



Too many business owners lose a significant portion of their wealth (often 50% or more) by waiting too long to address estate, gift, and income tax planning. With thoughtful advance planning, business owners can substantially reduce tax exposure and ensure more of their hard-earned value goes to family and charitable causes rather than to taxes.

Effective planning begins with clearly defining personal wealth and legacy goals. How much wealth do you want to transfer to family members? Are charitable gifts part of your long-term plan? These decisions inform the strategies that should be implemented well before a business sale or transition is on the horizon.

Why Timing Matters

Business owners frequently delay personal estate planning while focusing on operating or selling their companies. Unfortunately, waiting until after a sale often means missed opportunities. With advance planning, business interests can be transferred at discounted values, allowing owners to move significant wealth out of their taxable estates while preserving control and flexibility.

For example, valuation discounts—often 30% or more for closely held business interests—can significantly reduce the taxable value of gifts or sales to irrevocable trusts for family members. These discounts, based on lack of marketability and lack of control, are only available if planning occurs well before a sale is contemplated. Once a transaction is imminent, these strategies may no longer be viable.

Certain planning techniques also allow business owners to transfer equity interests to family trusts while retaining operational control of the business. These strategies typically involve restructuring ownership interests and require careful coordination, but they can materially increase the amount of wealth transferred outside of the taxable estate.

With the federal gift and estate tax exemption currently at a historic high ($15 million per person, indexed for inflation), business owners can implement planning strategies that lock in significant wealth planning benefits for their families.

Integrating Charitable Planning

For business owners with charitable intentions, advance planning can further enhance tax efficiency. While charitable gifts made in the year of a business sale can help offset income taxes, transferring business interests to charity before a sale may produce even greater benefits. This approach can generate a charitable deduction while eliminating capital gains

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tax on the transferred interests, allowing more value to support philanthropic goals.

Income Tax Considerations

The timing of a business sale can also impact income tax obligations. Capital gains taxes are due the year following a sale, and estimated tax payment rules can result in penalties if not carefully managed. In some cases, delaying a closing until the beginning of the next calendar year can help avoid underpayment penalties and improve cash flow.

Liane Keister *is a shareholder at the firm and a member of the* ***Trusts and Estates Group****, where she focuses on sophisticated estate planning, business succession planning, trust and estate administration, charitable planning, long-term care planning, and wealth management. She advises high-net-worth individuals, families, and closely held business owners on complex, multi-generation wealth preservation strategies, asset protection, estate and gift tax planning, probate and trust administration, and related business and real estate matters. Liane can be reached at* ***lmk@riw.com*** *or (617) 570-3517.*

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