



# Connecting your business and your broader financial objectives

Seven conversations for business owners and their financial advisors



# Working with a financial advisor can help build your business's value while connecting your enterprise decisions with your broader life objectives.

Your business is likely your largest financial asset. Too often though, conversations with your financial advisor may be limited to the income the business produces or the valuation it may someday reach. As conversations deepen, an advisor can help you:

- Integrate business and personal financial goals into a cohesive strategy.
- Spur collaboration among CPAs, attorneys and other business advisors.
- Understand and balance your personal and professional priorities, both near-term and long-term.

This paper explores how working with an advisor can help you grow, protect and effectively manage your business. It draws from the direct experiences of Ameriprise Financial professionals across the country.

Discover seven key conversations to help you hone your financial strategy throughout the business's entire lifecycle.

## Seven conversations

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# Team of professionals

## **Business owner challenge:**

“I have several business advisors. They rarely if ever collaborate together on my behalf.”

The complexity of starting, growing and running a business means reliance on a network of professionals. A CPA is likely the first outside professional you turn to for guidance on taxes, organizational structure, and other decisions, such as accounting or payroll systems. Then, as your business grows, attorneys and other business professionals provide helpful guidance and support.

Your relationship with a financial advisor may start by focusing on personal finances and expand to include discussions about your business. Therefore, their perspective is broad—and typically complementary—to your other advisors.

## **Promoting collaboration**

“Many times, business owners and their various advisors play the ‘whisper’ or ‘telephone’ game, which just leads to confusion,” says an Ameriprise financial advisor based in Texas. “Owners tend to assume that everyone has a separate lane. It doesn’t have to be that way.”

He explains his approach: “For me it works well to play quarterback. I can save the owner time by meeting separately with the CPA and attorney. Then I bring insights back to the owner and keep the team connected.”

An Ameriprise financial advisor based in New Hampshire agrees. “We explain to clients that active collaboration is the value we build into our fees. As we develop a financial strategy, we often meet with a client’s other professionals first. That approach aligns everyone on the client’s behalf and eliminates confusion.”



## Advisor's role

- Help you create alignment among your network of professionals
- Stay focused on your complete financial picture

## How you can help

- Facilitate introductions
- Encourage collaboration among financial, tax, legal and other advisors

# Taxes

## **Business owner challenge:**

“I pay too much in taxes.”

CPAs are skilled at obtaining tax deductions, which helps minimize taxes now. Your financial advisor’s role is complementary: building tax-free and tax-efficient wealth for the future.

This starts by thinking about tax efficiency holistically, both in the current year and longer term. Which financial assets are owned by your business and which are owned personally? Do you have in place efficient cash management that allows excess business cash to be allocated to higher-yielding vehicles and potentially capitalize on tax-efficient strategies?

## **Putting excess cash to work**

“Stop compartmentalizing cash and find ways to put excess funds to work,” says an Ameriprise financial advisor in Kentucky. “When I work with business owners, I ask permission to talk to the CPA about the level of cash needed for business operations. Then I seek the CPA’s buy-in to potentially apply cash beyond that threshold to personal goals.”

This advisor then works with the owner to remove cash from the business and deploy it across taxable and non-taxable investment accounts.

If owners want cash readily available to return to the business, a securities-backed line of credit may be one approach to consider. “Clients’ peace of mind is much better when they know there’s a quick way to access cash in the event it’s needed for a business opportunity,” says an Ameriprise financial advisor with offices across the Northeast. If the client draws on the line of credit, designated securities serve as collateral. Not all securities are eligible, and clients should consider tax implications as well as market, interest-rate and other risks.

## **Tax efficiency in investment decisions**

Whether assets are held by the business or personally, financial advisors can help you plan and execute tax-optimized strategies across qualified accounts, charitable trusts, deferred compensation plans and many other structures. They work to allocate assets in the right types of accounts to help reduce taxes.

“You can hold a stock anywhere ... in the business, in a retirement account, in a personal taxable account,” says the Northeast Ameriprise financial advisor. “For any investment decision, the first checkpoint is how it affects you from a tax perspective.”



An Ameriprise financial advisor in Texas agrees: “A savvy retirement strategy is to reduce taxes through the business,” he says. “Maybe the SIMPLE IRA you opened years ago is too constraining now, and it’s time for a Roth 401(k). Getting these structural decisions right involves proactive communication with CPAs about how to best serve owners together.”

Stop compartmentalizing cash and find ways to put excess funds to work.

#### Life insurance

Life insurance may be used to generate tax-free wealth for your heirs. One strategy involves funding buy/sell arrangements with life insurance assets. If estate taxes are due, life insurance can provide liquidity to heirs exactly when they need it, potentially relieving pressure on the business and avoiding the need to sell other assets.

When using life insurance as a tax-management tool, it’s essential for you and your financial advisor, CPAs and attorneys to work closely with insurance professionals. How the policy is structured and how it’s owned—personally, by the business, by a trust or otherwise—is critical to its usefulness.

#### Advisor’s role

- Collaborate with your CPA
- Recommend tax-efficient ways to invest excess business cash

#### How you can help

- With your CPA, identify a minimum amount of cash to keep in the business

# Retirement plans

## **Business owner challenge:**

“We have a retirement plan, but I’m not sure I’m taking full advantage of it.”

Many business owners are unaware of what their retirement plans offer.

“Most of the time, there’s much more you as a business owner can do with your plan than you realize,” says an Ameriprise financial advisor in the Northeast. He begins discussions by asking, “What do you want to accomplish with your retirement plan? Are you focused on helping your employees and improving business operations, or are you primarily concerned with increasing your retirement savings and boosting tax benefits?”

Answers to these questions shape strategies that can enhance your employee retention, help reduce taxes and grow your personal wealth.

## **Contribution limits & profit sharing**

A Kentucky-based Ameriprise financial advisor notes that while many business owners know about and contribute to the individual 401(k) maximum, they often aren’t aware that a much higher overall contribution may be possible.

In 2026, the employee contribution limit to a 401(k) plan is \$24,500 (or higher if age 50 or older). However, the total combined contribution limit can reach up to \$72,000 (or higher if age 50 or older). This total includes employee salary deferrals, employer matching or profit-sharing contributions and any other additions allowed under the plan.

“Once business owners realize there’s a higher upper limit, our conversations deepen,” the Kentucky-based Ameriprise financial advisor adds. “For example, if their plan mentions profit sharing, I use an employee census to run some numbers. I then work with a CPA to calculate potential profit-sharing contributions.”

### Plan selection and design

Whether your financial advisor consults on your retirement plan or refers you to third-party providers, “plans need to be reviewed frequently,” says an Ameriprise financial advisor in Texas. “The retirement plan you set up five years ago may no longer be the best fit for your business today.”

Discussions with your financial advisor will often include selecting a safe-harbor match option, offering a Roth option and using profit-sharing. An advisor can also help you assess plan costs, administrative responsibilities and investment choices.

The retirement plan you set up five years ago may no longer be the best fit for your business today.

### Beyond defined-contribution plans

While 401(k) and other defined-contribution plans suit many business owners, sometimes alternative or additional plan structures can create tax advantages. Possible options to explore include deferred compensation plans and cash balance pension plans.

An Ameriprise Advanced Advice team member explains, “Owners benefit when their advisor explores all options—not just qualified plans—to address their income tax issues. Often, this discussion begins while working on a personal financial plan and expands to include tax-efficient strategies the business can add.”

#### Advisor’s role

- Educate you on the full range of retirement plan options
- Integrate tax-efficient strategies into your overall financial planning

#### How you can help

- Review and adjust retirement plans to meet your evolving business and personal goals
- Consider retirement plans’ role in both personal and business contexts

# Business valuation

## **Business owner challenge:**

“I’ve received calls from people wanting to buy my business, but I don’t have a clear idea what it’s truly worth.”

Although the business is often their most valuable asset, few owners have a clear sense of what it’s worth. An advisor can guide you in exploring ways to help increase the worth of your business—looking beyond current income generation with a focus on building long-term value and helping to increase your personal net worth over time.

As your business grows—and ideally well in advance of a potential sale—an advisor can also provide guidance on how to obtain a realistic business valuation.

“An advisor will help you consider key valuation questions: ‘How is the value of your business going to play into achieving your financial goals? Are you going to sell it, pass it onto the next generation or just close it down when you stop working?’” says an Ameriprise financial advisor in Texas. This way of thinking puts the focus on growing your most valuable financial asset and, when the time comes, monetizing those gains.

## **Third-party valuations**

“Owners often have a ‘country club valuation’ in their heads, if they have any idea at all,” says the Texas-based Ameriprise financial advisor.

Industry multiples, input from a CPA and even unsolicited offers from buyers can help you develop a better understanding of the business’s value. For a deeper analysis, a financial advisor can refer you to a third-party valuation specialist.

“There are lots of motivated buyers out there thanks to intensive private equity activity,” says an Ameriprise Advanced Advice team member. “We’ve seen many cases where owners are surprised to receive a value that’s different than they expect, which causes them to rethink their priorities in life. Once they have a realistic valuation, the owner could choose an intermediate path, such as maintaining a minority stake and continuing to work in the business.”

Advisors can deliver more nuanced support for your long-term goals when valuations are known and discussed.

#### Inputs into financial planning

Advisors can offer you more nuanced support for your long-term goals when valuations are known and discussed. Valuations are critical inputs into:

- Comprehensive financial planning that can help you avoid artificial compartmentalization by taking into account both your business and personal factors.
- Business wealth protection through insurance solutions and legal documents.

#### Advisor's role

- Integrate your business's valuation and personal goals into an overall financial plan
- Offer guidance on business wealth protection
- Refer you to third-party valuation experts

#### How you can help

- Start planning far in advance for any potential sale
- Discuss with your team of professionals any offers received
- Share your long-term vision for the business

# Protecting business value

## **Business owner challenge:**

“What happens to the business if something happens to me?”

Safeguarding a business’s value is about ensuring continuity and protecting your lifestyle and legacy.

“As the business matures, there is a need to talk about both planned and unplanned exits. What happens if death or incapacity were to occur? Who will take over? How will heirs manage the business?” says an Ameriprise Advanced Advice team member.

## **Mitigating owner-dependency**

Business continuity planning is essential to preserving your business’s value. “Too often, the business value is lower because it is too dependent on the owner,” explains an Ameriprise financial advisor in Texas. “If something happens to the owner, the business could falter or face a fire sale.”

This is called owner-dependency risk—where the business’s success hinges primarily on the owner—which limits its value. “I tell owners they need to get to the point where they can step away for multiple weeks at a time and the business doesn’t miss a beat,” says an Ameriprise financial advisor in Kentucky.

To help mitigate the owner-dependency risk, you can consider buy-sell agreements, key person insurance and other legal and insurance provisions. It’s also beneficial to consider the estate planning implications of an unexpected event.

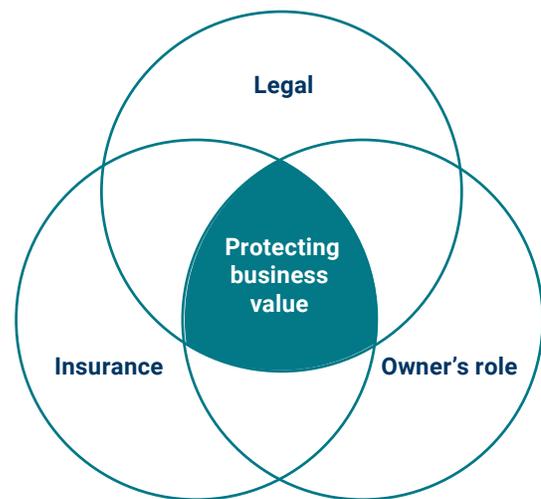
“If it’s a partnership, what happens if one partner dies?” reflects the Ameriprise Advanced Advice practitioner. “Unless there’s a plan in place, the surviving spouse could inherit the partnership, which can lead to unintended outcomes.”

## **Connect early with an advisor**

Sometimes owners don’t think to ask their financial advisors for help with protecting their business’s value, explains the Texas-based Ameriprise financial advisor. You may assume that an advisor’s role would be primarily in the future, after the sale of a business and the monetization of its value.

“That’s a mistaken view,” he says. “We care about you and will work with you many years before any liquidity event. Business owners need guidance on how to grow and protect their business long before that point. We position ourselves as long-term partners, supporting through all stages.”

Safeguarding a business's value is about ensuring continuity and protecting the owner's lifestyle and legacy.



### Advisor's role

- Initiate conversations to help you uncover risks and potential continuity gaps
- Research and recommend legal and insurance protections
- Coordinate with your attorneys and CPA to align on plan elements

### How you can help

- Include your financial advisor in continuity discussions with your CPA and attorneys
- Regularly update your continuity plans to adapt to business and personal changes

# Grow or exit

## **Business owner challenge:**

“The business is doing well, but I’m doing less of what I enjoy most.”

Owning a business can be a delicate balance. Most owners want financial success along with personal satisfaction.

“Sometimes owners are exhausted and not enjoying family life,” says an Ameriprise financial advisor in Texas. “They may feel trapped because they have a great lifestyle thanks to business income, and they aren’t sure they can reproduce that revenue elsewhere.”

Whether you are burned out or thriving, deciding what’s next for the business starts with reviewing your overall objectives. “Talk with your financial advisor every year about whether you want to stay in the business or plan for an exit. This is a natural extension of your personal financial planning,” says the Texas Ameriprise financial advisor.

## **The wealth gap**

For informed decision-making, start by working with your advisor to identify the gap, if any, between the value of the business and the wealth needed to support your lifestyle into the future.

- If the gap is large, focus your efforts on building business value—which may also help address burnout and time away from family, since owner dependency tends to limit value.
- If the gap is small or nonexistent, you can more confidently decide to explore exit options, if desired.

## **Alternatives to all or nothing**

“Many owners don’t like the word ‘exit’ because the business is their baby,” says the Texas Ameriprise financial advisor. “You may come to a point where you want to stay involved but take some chips off the table. An advisor can help you explore how to make that happen.”

An Ameriprise financial advisor in the Northeast agrees. “We’ve seen many owners benefit from ‘sell and stay’ approaches, in which they cash out but stay involved in the aspects of the business they love.”

As a normal part of personal financial planning, owners and financial advisors should talk every year about whether to stay in the business or plan for an exit.

Whatever the direction, it's beneficial to understand the full financial picture. "Well before any exit, financial advisors can prompt owners to think through the personal and business implications of different transition paths," says a succession and protection strategist in Minnesota.

Unfortunately, 70% of owners who exit a business later regret doing so, according to the Exit Planning Institute's 2023 National State of Owner Readiness Report. Periodic conversations about the future can help you feel more confident about an exit plan, whether that's today or years in the future.

### Advisor's role

- Initiate business valuation conversations with respect to your personal savings and future financial plans
- Facilitate development of an exit plan

### How you can help

- Assess your satisfaction with your current involvement in the business
- Consider exit options in the context of your larger, personal priorities

# Family members and the business

## **Business owner challenge:**

“Only one of my kids has an interest in running the business.”

Financial advisors can help you explore next-generation ownership solutions while promoting family harmony.

## **A common scenario**

Often a parent or couple owns a business and has multiple adult children—only one of whom works in the business. In this scenario, an advisor can help you evaluate how to approach your estate plans. Through discussion, your advisor can suggest strategies focused on treating all children fairly.

For example, an estate plan may give ownership of the business to one child and investment accounts of commensurate value to other children. Another approach is to give ownership to each child while providing the one running the business with a right to buy out the other siblings. This can be accomplished through various legal and financial structures, such as establishing a board of directors or creating non-voting shares.

Financial advisors can help you explore these and other approaches—including their tax implications—potentially making use of insurance, trust, and limited-partnership solutions. They can help coordinate among legal, tax, insurance and other professionals.

## **Commit to family discussions**

Advisors can guide you through the process of preparing the next generation to own the business. Communication with children and other relevant family members who may or may not be involved in the business is important.

“Family discussions should happen early and often, not just when a transition is imminent,” says an Ameriprise financial advisor based in New York. “They are crucial for managing expectations and preventing surprises down the road. But they can also be quite difficult, so many people are tempted to avoid them.”

Advisors can help facilitate family meetings, ensuring everyone has a chance to express their thoughts and concerns.

Advisors can help facilitate family meetings, ensuring everyone has a chance to express their thoughts and concerns. They can also help you navigate the emotional aspects of succession planning.

Advisors often add significant value to these conversations by helping you access the right expertise at the right time. "Don't try to go it alone," advises the New York Ameriprise financial advisor.

### Advisor's role

- Facilitate open communication among your family members
- Explore financial strategies to help ensure fairness for all your children, if appropriate
- Coordinate with legal, tax and insurance professionals to implement your succession plan

### How you can help

- Initiate conversations about succession planning early and revisit often
- Communicate the growth path for next-generation leaders when relevant
- Engage advisors in the planning process

# Financial advisors bring a unique perspective that helps you keep the big picture in view.

With their wide range of knowledge, advisors are positioned to help you make business decisions aligned with your personal and professional goals. Their holistic perspective:

- Helps you stay focused on building enterprise value.
- Complements the expertise of CPAs, attorneys and other specialists.
- Connects your business strategy to an overall financial plan.

## **Grow your business with the help of an advisor**

The benefits of an advisor's guidance are often seen long before any eventual sale of the business or other ownership transition. From start up to maturity, advisors can help you every step of the way.

And it all starts with a conversation.

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370 Ameriprise Financial Center, Minneapolis, MN 55474  
[www.ameriprise.com](http://www.ameriprise.com)

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