



ALIGNING SUCCESSION STRATEGY WITH FAIR MARKET REALITY

When a trust-owned manufacturing company required succession planning, informal estimates weren't enough. A defensible valuation from ITM, paired with LITCO's fiduciary oversight, aligned strategy with fair market value, reduced risk, and strengthened long-term estate planning.

BACKGROUND:

When privately held businesses are owned by trusts, accurate valuations become essential, not only for tax and estate planning, but also for fiduciary oversight. In this case, a manufacturing business held within a trust benefited from the collaborative expertise of LITCO and ITM.

While LITCO serves as a corporate trustee for Irrevocable Life Insurance Trusts (ILITs), ITM delivers specialized valuation, monitoring, and policy management services that help ensure trusts are well-administered, compliant, and financially sound. Together, they help fiduciaries, advisors, and clients manage risk, remain compliant, and protect multi generational wealth.

THE CHALLENGE:

John had spent 25 years building a successful manufacturing company. As retirement approached, he was eager to pass the business onto one of his children but hadn't yet made any formal succession plans. The questions were starting to pile up: Would either child want to take over? Should he continue growing the business or sell it? If he sold, to whom, and when?

John turned to his advisory team — his financial advisor, CPA, and estate planning attorney — for guidance. While they agreed the financials were in order, no one could provide the objective, data-driven insight required to answer the most fundamental question: What is the business actually worth?

Too often, clients delay or avoid business valuations under the assumption that informal estimates or book values are "close enough." But John's team knew that could be a costly mistake. Without a qualified valuation, he faced serious risks:

- The transfer of his business interests may be incorrectly valued, increasing audit risk and gift or estate tax exposure.
- His buy-sell agreement could be triggered at prices that didn't reflect fair market value, leading to family disputes or litigation.
- His succession plans could be misaligned with economic realities, resulting in unfair outcomes for his beneficiaries.



CASE STUDY TITLE

John's team recognized the importance of a defensible, third-party valuation and recommended working with ITM — whose valumonitor solution offers qualified business valuations tailored for estate, tax, and trust planning.

THE RESULTS:

ITM delivered a comprehensive, defensible valuation report that allowed the entire advisory team to align their strategies with the true value of the business:

- John's CPA aligned reporting with IRS expectations, helping mitigate audit risk
- His estate attorney restructured ownership transfers and trust provisions based on fair market value
- His financial advisor developed a retirement income strategy based on realistic projections

"The valuation provided by ITM was a game-changer," John shared. "It gave me confidence and clarity about the future."

Because the business was trust-owned, LITCO was also involved in helping facilitate compliance, trustee review, and future estate execution. Together, ITM and LITCO ensured both the value and structure of the trust reflected John's long-term goals.

LET LITCO WORK FOR YOU:

Privately held business interests introduce complexity into trust administration. Without accurate valuation data and disciplined fiduciary oversight, trustees and advisors face unnecessary tax exposure, compliance risk, and planning blind spots.

LITCO works alongside ITM to ensure trust-owned business interests are:

- Objectively valued using defensible, third-party methodologies
- Properly administered in alignment with fiduciary standards
- Structured for long-term execution with compliance and oversight built in

When LITCO serves as corporate trustee, we bring institutional processes, documentation discipline, and risk management expertise to complex trust-owned assets. Paired with ITM's valuation and monitoring capabilities, we help advisory teams move from uncertainty to clarity.

If your clients own closely held businesses inside trusts—or are considering succession planning—let LITCO and ITM provide the structure, oversight, and expertise required to protect multigenerational wealth.