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THE
Baldwin & Clarke
COMPANIES

Baldwin & Clarke *Journal*

*Integrated & multidisciplinary financial solutions for entrepreneurs,
professionals and their families*

January 2017

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"If opportunity doesn't knock, build a door."

Milton Berle

Happy New Year!

Edition #10 of the Baldwin & Clarke Journal is here! Our e-newsletter is an effort to share valuable thoughts and information across a wide spectrum of financial and business-oriented topics.

As always, we appreciate your readership and sincerely hope you enjoy!

B&C Podcast: Sean Clarke on NH Today

Sean Clarke rings in the New Year with his thoughts on the catalysts behind "Trump Effect," his early 2017 market outlook and why entrepreneurs may want to check out B&C's new Client Discovery Matrix.



B&C Blog: Why You Must Audit Your Life Insurance Policies

Your grandparents may have purchased a permanent life policy, put it in a drawer and forgotten about it—and that might have been okay—but today's life insurance policies are complex financial instruments and need to be monitored like any other asset in your portfolio. A permanent life insurance policy can be one of your most important financial assets and you want it to be there for your beneficiaries when it's needed the most, or perhaps for your own retirement, if you purchased a cash accumulation contract. The best surprise is no surprise and a life insurance policy surprise is almost never good. A policy audit can tell you if your policy is in trouble or headed for it, and what corrective action may be possible.



[Read More.](#)

Exit Planning: Knowing Business Value is a Very Good Place to Start

As a firm that provides exit and succession planning to business owners, we have a unique view into this transitional process that has many layers and complexities to it. One of the many important aspects of this planning is establishing a value of your business. We consider knowing the value of your business today to be a strategic imperative, whether you plan to leave your business tomorrow or years from now. While formal valuation may be necessary to accomplish certain specific objectives (i.e. gifting, employment related transfers, sale, etc.), there are many times where an informal valuation or estimate of value will be sufficient and an important starting point to help establish a benchmark for your planning (in addition to better informing your strategic thinking). The following article discusses in detail why understanding your company's value is so crucial to a business owner.

Baldwin & Clarke
ADVISORY SERVICES, INC.

EXIT PLANNING INSIGHTS
Published by Business Enterprise Institute, Inc.

Knowing Business Value is a Very Good Place to Start

People don't want to spend money on things they don't need. So why would you need an estimate of your company's value if you don't expect to leave for several or many years? You may not if you fall into one of two groups:

- Owners who are sure that their business exits are more than 10 years away.
- Owners who are certain that the value of their companies is minuscule compared to what they will need upon sale or transfer.

However, many owners look to the value of their businesses as the chief source of liquidity for their postexit lives. Owners intend to leave as soon as is feasible rather than when they are completely burned-out. Therefore, most owners need to know the value of their companies now so they can be smart about creating greater business value as quickly as possible.

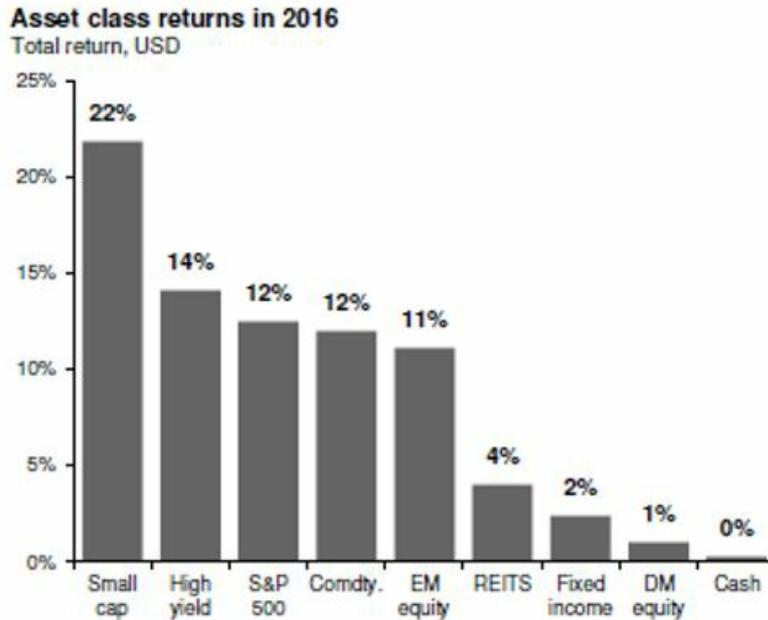
Knowing the value of your business today is critical, whether you plan to leave your business tomorrow or in five years, for the following five reasons:

1. An estimate of value establishes the starting line and distance to the finish.
An estimate of value tells owners where their unique race to their exit begins. The owner's job, whether the company is worth \$500,000 or \$50 million, is to fill the gap between today's value (the starting line) and the value he or she needs upon exiting (the finish line). Based on today's value, an owner's race to the finish line may be shorter, longer, or perhaps much longer than expected. Once owners know how far they and their businesses need to travel, they can begin to create timelines and implement actions to foster growth in business value.
2. An estimate of value tests owners' Exit Objectives.
An estimate of value helps owners determine whether their Exit Objectives are achievable. Let's assume that an owner, Kate, decides that her finish line (i.e., financial objective) is to receive \$7 million (after taxes) from the transfer of her business interest. Kate wants to complete her race in three years (spring objective). An estimate of value will tell her whether the distance between today's value and the finish line is too great to reach in three years. If the growth rate is unrealistic for Kate's business, she must either extend her timeline or lower her financial expectations.

[Click here to read the full article.](#)

Check out the Chart: Asset class returns in 2016

Here is a real quick visual at how different areas of the market performed last year courtesy of JP Morgan.



Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Last Word: B&C Discovery Matrix

In signing off, we thought we would share a new diagnostic tool we recently developed called the B&C Discovery Matrix to help entrepreneurs and professionals visualize (as well as prioritize) key business and personal planning topics that are of particular importance to them. We have been pounding the drum that integrating business and personal planning strategies is the most efficient route to take and we hope this simple tool can serve as a catalyst to get the planning process started. If you would like to chat about our Discovery tool or learn more about how we can help from our integrated approach, we are here and ready to talk!



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B&C Discovery Matrix

We have created a diagnostic tool specifically tailored to assist in the identification and prioritization of critical personal and business issues unique to each entrepreneur, based on the nature of the enterprise, industry, stage of growth, and currency dynamics (among other factors). Success and business leaders require integrated solutions that are in harmony with their personal and business objectives. By assessing the most important objectives, challenges, opportunities and/or strengths relevant to you and your business, B&C can develop custom strategies to build value through our multi-disciplinary approach.

Start the process by checking the boxes next to the issues that are most important to you and your business situation. Once completed, please send to info@b2c.com.net

Objectives	Challenges	Opportunities	Strengths
<input type="checkbox"/> Retire within 5, 10, or 15 years	<input type="checkbox"/> Paying too much in taxes	<input type="checkbox"/> Incentive compensation planning for key employees	<input type="checkbox"/> Solid base of customers
<input type="checkbox"/> Increase cash reserve	<input type="checkbox"/> Hold leverage by key employees	<input type="checkbox"/> Create a family legacy	<input type="checkbox"/> Known for quality
<input type="checkbox"/> Transfer business to family member(s) or key employee(s)	<input type="checkbox"/> Reduce short cash gaps	<input type="checkbox"/> Tax minimization planning	<input type="checkbox"/> Great reputation
<input type="checkbox"/> Protect personal/business assets	<input type="checkbox"/> Finding the right advisors	<input type="checkbox"/> Asset protection strategies	<input type="checkbox"/> Relationship with customers
<input type="checkbox"/> Maximize business value	<input type="checkbox"/> No existing wealth accumulation plan	<input type="checkbox"/> Business is growing	<input type="checkbox"/> Relationship with suppliers
<input type="checkbox"/> Reduce taxes	<input type="checkbox"/> No existing business succession plan	<input type="checkbox"/> Favorable employee market	<input type="checkbox"/> Relationships with regulators/government
<input type="checkbox"/> Secure family's future	<input type="checkbox"/> Business wouldn't go on without me	<input type="checkbox"/> Acquisition opportunities	<input type="checkbox"/> Non-discourteous products
<input type="checkbox"/> Assess business continuation	<input type="checkbox"/> Business and personal assets not coordinated sufficiently	<input type="checkbox"/> Increased need for our product/services	<input type="checkbox"/> Weak competition
<input type="checkbox"/> Create wealth accumulation plan	<input type="checkbox"/> Unclear long-term objectives	<input type="checkbox"/> Balance Sheet is strong	<input type="checkbox"/> High barriers to entry
<input type="checkbox"/> Retain key employees	<input type="checkbox"/> Hedged personal assets	<input type="checkbox"/> New exit strategies	<input type="checkbox"/> Not capital intensive
<input type="checkbox"/> Review CPA, attorney, other advisors	<input type="checkbox"/> No key employee incentive plans	<input type="checkbox"/> Learn what my business is worth	<input type="checkbox"/> Growing industry
<input type="checkbox"/> Explore exit strategies - ESOV, third party sale	<input type="checkbox"/> Current advisors don't work together		<input type="checkbox"/> Highly profitable
	<input type="checkbox"/> Integrating personal and business planning		

Date Completed: 12/20/2016

INTEGRATED MULTIDISCIPLINARY SOLUTIONS



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