COCHRANE WEALTH MANAGEMENT | RAYMOND JAMES®

THE OWNER'S EXIT GUIDE · FOR ALBERTA BUSINESS OWNERS

The Exit Is Not the Finish Line

How Alberta business owners can prepare for the financial, tax, legal, and family decisions that come with selling or transitioning a business.

Decades of enterprise value. For many Alberta owners — in energy services, construction, transport, manufacturing, and the trades — the business is the largest asset they will ever own. The exit is the moment that value becomes personal wealth.

For many owners, the business is their largest asset, their primary income, their identity, and their legacy. Selling it creates a liquidity event — but it also creates a new set of decisions.

A business owner spends decades building enterprise value. The exit converts that value into a different problem: how to protect, invest, tax-plan, structure, and transfer the wealth responsibly. The earlier the moving pieces are aligned, the more options the owner keeps.

01 The exit is not one decision — it is a sequence

Selling a business is not only a transaction. It is a financial, legal, tax, family, estate, and emotional transition, and each part affects the others. A well-planned exit coordinates ten moving pieces. When aligned early, they can support a more organized transition; left to the closing table, they can collide.

What a coordinated exit aligns

BEFORE · DURING · AFTER THE SALE

01 Business value	02 Deal structure	03 Tax planning	04 Legal risk	05 Retirement income
06 Investment strategy	07 Estate planning	08 Family governance	09 Philanthropy	10 Life after the business

THE BIG IDEA

A business exit is where **corporate planning becomes personal wealth planning.** *The sale should fund a life plan — not just an investment account.*

02 The exit path: three broad options

Most owners exit through one of three paths. Each carries different tax, legal, family, and cash-flow implications — and the right choice depends as much on the owner's goals and timeline as on the highest bid.

Sell externally A

A strategic buyer, competitor, private equity group, search fund, or family office acquires the business.

POTENTIAL BENEFIT
Often the highest price and potential for significant liquidity; the buyer may add scale and capital.

POTENTIAL COMPLICATION
Longer diligence, confidentiality risk, employee disruption, and possible earnout or transition terms.

Transition internally B

A sale to management, key employees, or family — including a management buyout or gradual phase-out.

POTENTIAL BENEFIT
Greater continuity and culture, an easier transition, and the chance to step back in stages.

POTENTIAL COMPLICATION
Limited buyer capital, vendor financing, family-fairness questions, and years of residual exposure.

Wind down or monetize C

Where no viable buyer exists, value may still sit in client lists, contracts, IP, equipment, or real estate.

POTENTIAL BENEFIT
Simpler, owner-controlled pace; some assets can be monetized separately.

POTENTIAL COMPLICATION
Lower proceeds, job losses, undervalued goodwill, and less efficient tax outcomes.

03 The deal structure: share sale vs. asset sale

One of the most important structural decisions is whether the buyer purchases the **shares** of the corporation or only selected **assets**. The headline price is only one part of the outcome — structure determines risk, tax, control, and certainty, and buyers and sellers usually prefer opposite sides.

SELLERS OFTEN PREFER — Share sale

The buyer purchases the shares; the corporation keeps its assets, contracts, employees, and history.

- **May access the Lifetime Capital Gains Exemption** if the shares qualify as QSBC shares.
- Cleaner for the seller — the corporation simply continues.
- May produce capital-gain treatment rather than corporate-level tax.
- Buyer inherits historical liabilities, so expect deeper diligence, holdbacks, and warranties.

BUYERS OFTEN PREFER — Asset sale

The buyer purchases selected assets — equipment, inventory, goodwill, contracts, real estate.

- Buyer can often select which assets and contractual liabilities to assume, although some obligations may still attach by law, contract, or deal terms.
- Cleaner isolation from past corporate liabilities.
- Potential buyer tax advantages through stepped-up asset costs.
- **Possible two layers of tax for the seller** — corporate tax on the sale, then personal tax on extracting proceeds.

THE STRUCTURE POINT

A buyer may offer the **same headline price** *for a share sale and an asset sale — but the seller's after-tax outcome can be very different. The structure of the deal can matter as much as the price.*

04 Tax-aware planning: the QSBC question

For many Alberta owners, the most valuable planning question is whether their shares can qualify for the **Lifetime Capital Gains Exemption (LCGE)**. If an individual sells qualifying shares of a Canadian-controlled private corporation, they may shelter part of the capital gain. For 2025 dispositions, the LCGE is **$1.25 million** for qualifying property and is expected to be indexed thereafter. The applicable limit should be confirmed for the year of disposition. Qualification is technical, and planning often has to begin years before a buyer appears.

EXHIBIT 1 — ILLUSTRATIVE

A $5,000,000 share sale, with and without the LCGE

ALBERTA OWNER SELLS QUALIFYING SHARES	GAIN DOES NOT QUALIFY	LCGE APPLIES
Sale price of shares	$5,000,000	$5,000,000
Capital gain (nominal cost base)	$5,000,000	$5,000,000
Less: LCGE sheltered	$0	**($1,250,000)**
Remaining capital gain	$5,000,000	$3,750,000
Taxable gain (50% inclusion)	$2,500,000	$1,875,000
Illustrative tax (assumed 48% marginal rate)	**≈ $1,200,000**	≈ $900,000
Approx. after-tax proceeds	**≈ $3,800,000**	**≈ $4,100,000**

Illustrative only. This is not a tax estimate. Assumes an Alberta resident individual, QSBC shares that fully qualify, a nominal adjusted cost base, a 50% capital gains inclusion rate, and an assumed 48% marginal rate. The LCGE is $1.25M for 2025 dispositions; the applicable LCGE limit for the year of disposition should be confirmed. Actual tax will depend on the client's income, province of residence, adjusted cost base, LCGE history, AMT, CNIL, transaction structure, and tax law in effect at closing. The full $1.25M exemption is worth roughly $300,000 of tax in this scenario. Confirm treatment with a qualified tax advisor.

PLAN BEFORE THE LETTER OF INTENT

Excess cash, marketable securities, investment portfolios, or non-operating real estate inside the company can put QSBC status offside. QSBC qualification includes technical current and historical tests, including 24-month considerations. Purification should be reviewed early with a qualified tax advisor — not treated as a last-minute closing task.

05 The hidden deal terms: not every dollar is certain

The purchase price is the headline. But a transaction is assembled from components — cash at close, a vendor take-back note, an earnout, and holdbacks — and each carries a different level of certainty. Consider a **$6,000,000** deal with an EBITDA-based earnout:

Anatomy of a $6,000,000 purchase price

Cash-free, debt-free basis

$4.5M · CASH AT CLOSE | $1.5M · EARNOUT

$4.5M certain (75%)
Received at closing — immediate, controllable liquidity.

$1.5M at risk (25%)
Paid only if EBITDA targets are met over three years.

IF TARGETS ARE MET

$6.0M

Full price realized — the earnout bridges the valuation gap and rewards continued performance.

IF TARGETS FALL SHORT

$4.5M

After closing, the buyer controls staffing, pricing, and accounting — so the metric may not reflect what the seller expected.

06 After the sale: the risk profile changes

A sale can convert some or all of a concentrated private business interest into personal wealth — and the owner's risk profile can change significantly.

BEFORE THE SALE

Concentrated business risk

Single illiquid asset · Entrepreneurial risk · Income from operations · Owner-dependent value

AFTER THE SALE

Diversified wealth-stewardship risk

Market · Tax · Inflation · Longevity · Estate complexity · Family expectations · Portfolio income

07 A composite story: after the liquidity event

An Alberta oilfield services owner sold during a strong market. The transaction created more liquid wealth than the family had ever managed.

Before closing, all of the owner's risk was concentrated in the company. After closing, the risks changed: market, tax, inflation, and longevity, alongside family expectations, estate complexity, charitable requests, and the quiet loss of identity that comes from leaving the company.

The family now needed a plan for tax reserves, retirement-income spending, portfolio structure, family gifts, charitable giving, estate documents, and communication with adult children.

THE LESSON

The exit solved the business problem — but created a wealth-stewardship problem.

After a sale, the question changes from **"How do I build wealth?"** to **"How do I make this wealth support the rest of my life, my family, and my legacy?"**

Before the offer comes, get organized.

If you are considering selling, transitioning, or reducing your role, a **complimentary introductory conversation** can help identify the planning questions to address before the process begins — clarifying goals, modelling retirement income, and coordinating tax-reserve discussions. We work alongside your professional advisors; **CWM does not provide tax or legal advice.**

WE COORDINATE WITH

Accountants · Tax advisors · Lawyers · M&A advisors · Estate advisors · Insurance specialists · Corporate finance professionals

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Tax and estate rules are complex, change over time, and differ by province; figures reflect rules believed to be current as of June 2026 and are necessarily general. The Lifetime Capital Gains Exemption, capital gains inclusion rate, and Alberta tax rates should be confirmed for the year of disposition. Clients should obtain independent advice from qualified tax, legal, accounting, insurance, and business-advisory professionals before acting on any strategy described here. Raymond James advisors are not tax or legal advisors.

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