

WHAT EVERY BUSINESS OWNER SHOULD KNOW BEFORE SELLING THEIR BUSINESS

A Guide to Protecting What You've Built

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Selling a business is one of the most consequential financial decisions you will ever make. For most owners, the business represents decades of effort, risk, and compounding value—and the sale is a one-time event with no do-overs. Yet too often, the conversation starts and stops with the headline number: “What’s the business worth?” That question matters, but it’s not the question that determines your financial future. The better question is: “How much of this will I actually keep, and what does it need to do for me?” This article is designed to help you think about the considerations that precede, accompany, and follow a business sale—the decisions that separate owners who convert a liquidity event into lasting financial independence from those who leave significant value on the table.



1. The Headline Number Is Not Your Number

When someone offers \$20 million for your business, it’s tempting to think of yourself as a person with \$20 million. You’re not. Not yet.

Between the offer and your actual net proceeds, there are significant reductions: federal capital gains taxes, state income taxes (which can exceed 13% depending on your state of residence), the Net Investment Income Tax, transaction costs, and earn-out structures that defer portions of the payment over years.

A \$20 million sale can easily become \$13–14 million after taxes and fees—and if the deal includes a multi-year earn-out, you may not see a significant portion for years. Understanding the after-tax, after-cost, time-adjusted reality of your deal is step one.

The takeaway: Before you sign anything, have someone model the tax impact of different deal structures so you’re making decisions based on what you’ll actually walk away with.

2. The Structure Of The Deal Matters As Much As the Price

Most owners focus on negotiating the purchase price. That’s important, but how the deal is structured can save—or cost—millions in taxes. A few examples of structures worth understanding:

Installment Sales: Rather than receiving the entire sale price in one year (and recognizing all the gain at once), installment structures spread payments over multiple years. This can smooth out your tax brackets and reduce the overall tax burden significantly.



Seller Financing: When the seller acts as the lender, you create an additional income stream through interest while deferring a portion of capital gains recognition. This also gives you negotiating leverage in deal terms.

Earn-Out Structuring: If part of the purchase price depends on the business hitting certain milestones post-sale, the structure and timing of those payments have significant tax implications. An earn-out isn't just a risk allocation tool—it's a tax planning event.

Qualified Small Business Stock (Section 1202): If your business is a C-Corporation, you held the stock for at least five years, and gross assets were under \$50 million at the time of issuance and immediately after, you may be eligible for up to \$10 million in tax-free gain per shareholder. Many founders qualify and don't know it.

The takeaway: The way you structure a deal can create a multi-million dollar difference in your after-tax outcome. Have these conversations before the Letter of Intent is signed—not after.

3. Pre-Sale Planning Is Where the Real Value Lives

The single most powerful window for tax and wealth planning is before the sale closes. Once the transaction is complete, most of your best options disappear. Here's what the most thoughtful owners explore before closing:

Pre-sale gifting to family members or trusts: By transferring shares before the sale becomes inevitable, you can distribute the gain across multiple taxpayers—each with their own capital gains exemptions and brackets. A \$30 million sale borne by one taxpayer looks very different from the same gain spread across six family members in properly structured trusts.

Charitable strategies: For owners with philanthropic goals, contributing appreciated shares before the sale to a Charitable Remainder Trust can eliminate immediate capital gains, create a lifetime income stream, and generate a meaningful charitable deduction.

Donor Advised Funds offer a simpler version of the same concept for those who already have charitable giving programs.

State residency planning: This is frequently overlooked and often represents the largest single tax savings opportunity. Moving from a high-tax state to a state with no income tax before the sale can save 10–13% of the total gain. Timing and documentation are critical.

Opportunity Zone reinvestment: For a portion of your proceeds, investing in Qualified Opportunity Zone funds can defer capital gains and potentially eliminate taxes on appreciation if held for ten or more years.

The takeaway: The decisions you make before the sale are often worth more than any negotiation on price. Pre-sale planning is not optional—it's where the most significant wealth is either preserved or permanently lost.

4. After the Sale: The Transition Most Owners Aren't Prepared For

The day the wire lands in your account, a new set of challenges begins—and they're fundamentally different from anything you dealt with as a business operator. Suddenly, you face:

- **Asset allocation decisions** — where and how to invest a meaningful lump sum
- **Tax management** — particularly in the year of sale and the transition years that follow
- **Income planning** — converting a lump sum into a reliable income stream that sustains your lifestyle for decades



- **Estate and legacy planning** — protecting and transferring wealth across generations
- **Behavioral risk** — the temptation to make large, hasty decisions driven by the emotion of a life-changing event

This last point deserves emphasis. In my experience, the greatest risk to a business owner's long-term wealth after a sale is not market volatility—it's behavior. The impulse to "do something" with a large sum, to chase speculative opportunities, to over-concentrate in familiar asset classes, or to make permanent decisions based on temporary emotions—these are the mistakes that erode the wealth you worked a lifetime to build.

The takeaway: After the sale, your greatest asset is discipline. The wealth you've created will compound for decades if managed with patience, simplicity, and a long-term perspective.

5. You Need a Quarterback, Not a Collection of Specialists

Most business owners, by the time they're preparing for a sale, already have a CPA, an attorney, and possibly an investment banker.

What they almost never have is someone coordinating the entire picture—the person who sits at the intersection of deal structure, tax planning, investment strategy, income planning, and estate design and makes sure all the pieces work together.

Without that coordination, you get siloed advice: your CPA optimizes for this year's tax return, your attorney protects you legally, your banker maximizes the sale price, and your broker picks investments. No one is asking: "How does all of this fit together to give you the life you actually want?"

That's the role of a comprehensive wealth management team—not to replace your other advisors, but to be the integrating force that ensures every decision is aligned with your goals, your tax situation, and your long-term financial independence.

The takeaway: Before your sale is finalized, make sure someone is looking at the whole picture. The cost of siloed advice is measured in millions, and it's usually invisible until it's too late to fix.

6. The Goal Is Not Retirement—It's Financial Independence

Business owners don't think like employees counting down to a retirement date. You think in terms of freedom: the ability to do what you want, when you want, without your financial security being in question.

A business sale, done right, is the event that converts decades of ownership and compounding into lasting financial independence.

But financial independence isn't automatic. It requires that the proceeds from your sale be structured, managed, and protected with the same discipline and intentionality you brought to building the business in the first place.

Your wealth is not a number on a screen. It's the foundation of everything that comes next: your lifestyle, your family's security, your ability to give, and the legacy you leave behind. The decisions you make around the sale of your business will determine whether that foundation is built to last—or slowly erodes over time.

About the Author

Jonathan Miller is the Founder and CEO of Parsonex Enterprises, a multi-entity financial services holding company that includes FINRA-registered broker-dealers, SEC-registered investment advisory firms, and an integrated tax services practice. He is an Accredited Wealth Management Advisor. His investment philosophy centers on disciplined long-term equity ownership, behavioral awareness, and the belief that financial independence—not retirement by a certain age—is the real goal of wealth management.

To explore how these strategies may apply to your situation, speak with your Parsonex advisor.



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