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C O U N S E L L O R S A T L A W

Death, Taxes and the NFL

Does Your Business have a Plan for the Final Exit from the Field?

September 15, 2010 by Deirdre Wheatley-Liss



If you or your family owns a business, you've heard from many advisors "You need to have an exit strategy". Now, this normally refers to cashing out of your business by selling to an employee, bringing on a family member, merging with another company, or selling out of the business. But what if the exit strategy you need to be creating is to plan for when you leave this earth altogether? As Julie Garber points out today at Julie's Will & Estate Planning Blog, taxes at the death of the owner can kill a business; but with advanced planning, this does not need to be the situation.

Case in point, Julie refers to a story that at least "one NFL franchise is going to be shopped around beginning this month because the owner is working on his estate plan and is looking to sell a 30% interest in the team." This makes sense. Sports franchises are worth millions, and sometime billions (Forbes.com lists all NFL franchises by value here - the Cowboys top the ranks at 1.8 Billion, the Giants are 4th at \$1.2 billion, and the Eagles are 7th at \$1.1 billion - a value that certainly did not show up on the field at their home opener on Sunday).

Why look to plan now? Well, with the estate tax scheduled to return next year with a top tax rate of 55%, a failure to plan could result in that NFL franchise needing to be sold to raise money for taxes. While this is a failure to plan scenario, but that isn't going to mollify the fans who already need to pay \$160 a ticket if you are a Cowboys fan to see your team (thus demonstrating the incomprehensibility of being a Cowboys fan in the first place to those of us in the northeast).

Your business may not be on quite the scale as an NFL franchise (the Jaguars as the least valuable franchise in the NFL still comes in at a healthy \$725 million) but a failure to plan an exit strategy that includes an analysis of how estate taxes might effect your business could put your business out of the game for good.

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