



# The Liquidity Event Playbook

PHILLIPS & COMPANY WEALTH STRATEGIES | LIQUIDITY EVENTS

A liquidity event can be the most consequential financial moment in a business owner's life. **Most of the important decisions are made before the deal closes**, and this paper explains what to get right before, during, and after the transaction so you can protect what you have built and position the outcome for the long term. **Phillips & Company** helps business owners navigate this process by coordinating the financial, tax, estate, and investment decisions so nothing falls through the cracks.

# Executive Summary

"The most valuable liquidity planning often happens while the business is still operating normally."

A liquidity event is one of the biggest financial turning points in a business owner's life. By the time most deals close, a lot of the key decisions have already been made, sometimes without anyone meaning for that to happen. Deal structure, taxes, payout timing, entity design, compensation arrangements, and estate coordination all shape what an owner actually keeps after a sale. A lot of those choices get harder to change, or disappear, once the transaction documents are signed.

That is why the planning window before the sale matters so much. Many liquidity events are not mapped out years ahead of time. An unexpected offer, consolidation in the industry, private equity interest, an internal succession option, or a shift in personal priorities can speed everything up fast. Owners who prepare while they still have flexibility usually have far more room to improve the outcome than owners who are forced to react once negotiations are already underway.

## What Reactive Planning Misses

- Gains unnecessarily concentrated into a single tax year
- Compensation structures creating avoidable tax exposure
- Estate and charitable planning opportunities overlooked
- Seller financing and staged payout opportunities missed
- Advisors working without a shared strategy

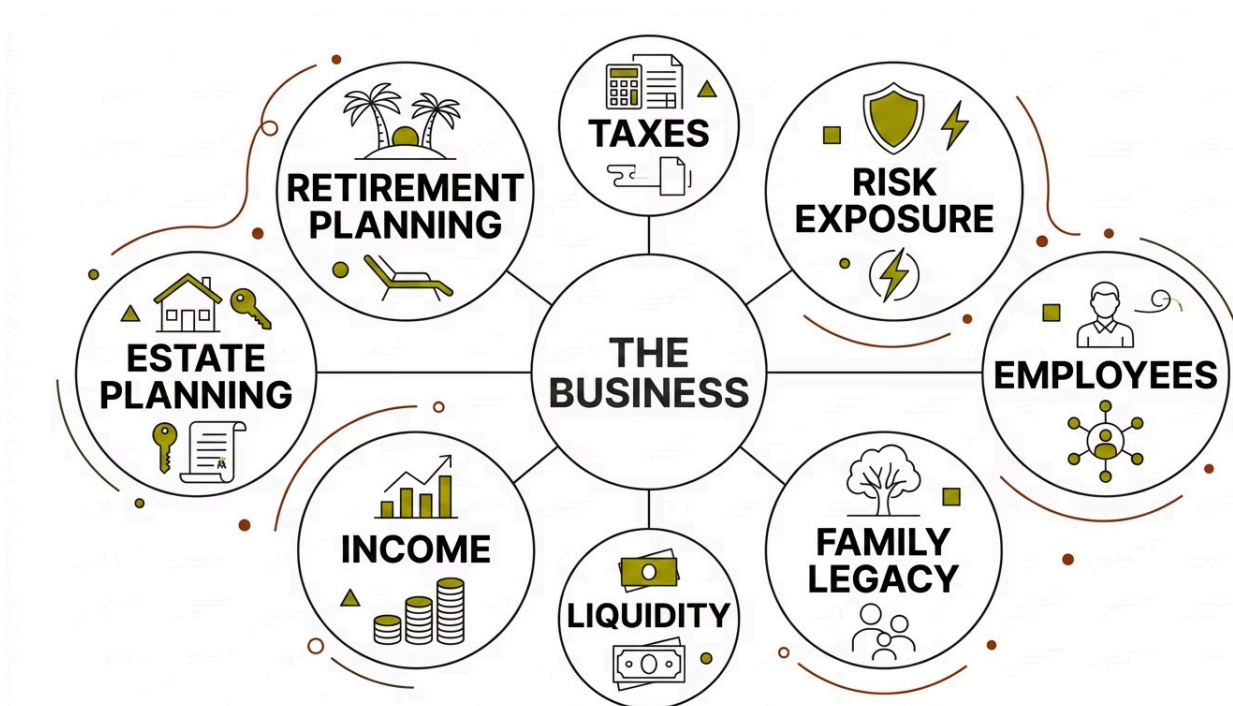
## What Sophisticated Planning Optimizes

- Tax efficiency across the full transaction horizon
- Flexibility in structure, timing, and deployment
- Liquidity management and sequencing
- Risk allocation across payout structures
- Long-term wealth preservation and estate alignment

At Phillips & Company, we help business owners bring together the financial, tax, investment, and estate decisions that shape long-term outcomes, before flexibility slips away and the options get locked in.

# Building a Business Creates Unique Financial Complexity

For a lot of business owners, the business is more than an asset. It is income, identity, a long-term investment, a family legacy, and often the main source of personal wealth. Years, sometimes decades, go into reinvesting, managing employees, dealing with uncertainty, and making decisions that shape both the business and the owner's financial life outside it. Over time, many owners end up highly concentrated, financially, operationally, and emotionally. Personal wealth, tax exposure, retirement planning, estate concerns, and future liquidity all get tied back to the business. Planning outside the business often gets pushed aside because day-to-day operations keep coming first.



Over time, that quiet buildup of complexity and concentration risk becomes one of the biggest financial challenges a business owner faces. Personal wealth can become tied too tightly to a single illiquid asset. Retirement planning, tax exposure, estate strategy, and family wealth decisions all start to depend on enterprise value, which makes early coordination a lot more important before things get rushed.

- ☐ Phillips & Company helps coordinate the broader financial picture around the business, including personal wealth, tax strategy, retirement planning, estate concerns, and long-term family goals. The goal is to serve as a strategic coordinating relationship, not just an advisor working in one isolated area. [Explore Who We Serve ->](#)

# The Three Phases of a Liquidity Event

*The best planning opportunities usually show up before negotiations ever start.*



## Before the Sale

This is where you have the most room to move.

Structures, strategies, and long-term planning can still be put in place, and the bigger decisions are often easier to make here.

## During Negotiation

At this point, structure starts to shape the outcome. Deal terms, compensation, timing, and payout sequencing can all affect long-term wealth, sometimes for good.

## After the Sale

The focus shifts away from building the business and toward managing wealth over the long term. That usually calls for a different financial setup altogether.

## Before the Sale, Key Planning Areas

- Entity restructuring and optimization
- Tax modeling and scenario analysis
- Estate transfer planning
- Charitable strategies
- Concentration risk review
- Installment strategy evaluation
- Consulting arrangement planning
- Liquidity forecasting
- Succession considerations
- Advisor coordination

## During Negotiation, Key Planning Areas

- Purchase price allocation
- W-2 vs. capital gains characterization
- Earnout structuring
- Deferred compensation analysis
- Seller financing coordination
- Installment payment sequencing
- Consulting agreement evaluation
- Tax exposure management
- Risk-sharing structures
- Integration across legal, tax, and investment advisors

"The owners with the most flexibility are often the ones who started planning before things felt urgent."

# Planning Before Liquidity Gives You Room to Move

"Sophisticated business owners often start liquidity planning years before a transaction feels likely."

A lot of business owners only start thinking about liquidity when a sale seems close, but the better planning usually begins years earlier, while the business is still growing. The point is to keep your options open before things get urgent and decisions start piling up. Owners can run into unsolicited buyer interest, private equity pressure, succession decisions, recapitalizations, or shifts in personal priorities, and getting ahead of those moments can improve negotiating leverage, tax flexibility, and control over what happens next.

## What Reactive Planning Misses

- Gains unnecessarily concentrated into a single tax year
- Compensation structures creating avoidable tax exposure
- Estate and charitable planning opportunities overlooked
- Seller financing and staged payout opportunities missed
- Advisors operating without an integrated strategy

## What Coordinated Proactive Planning Optimizes

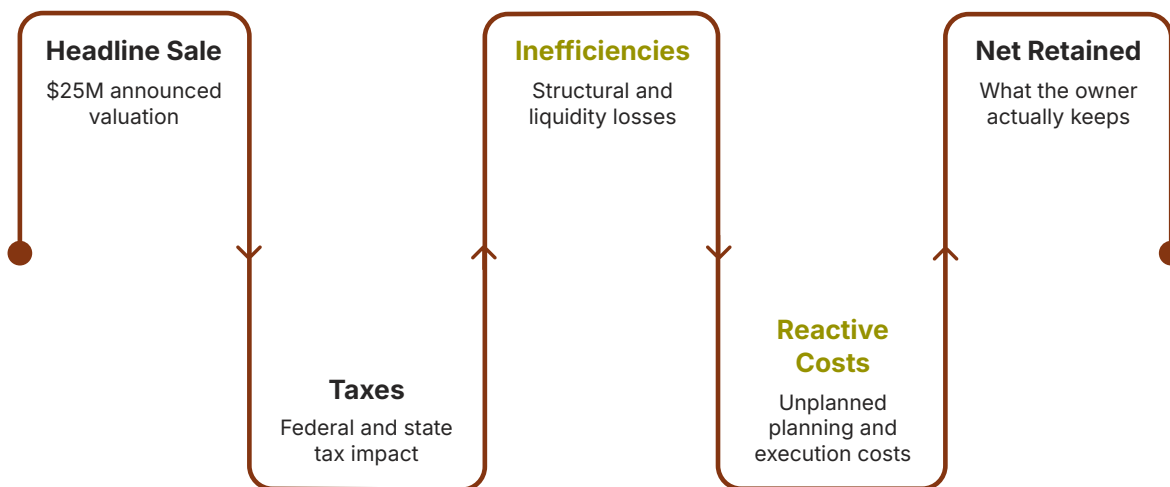
- Tax efficiency across the full transaction horizon
- Flexibility in structure, timing, and deployment
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- Risk allocation across payout structures
- Long-term wealth preservation and estate alignment

That kind of planning is really about keeping your options open. If something good comes along later, you want to be ready for it, with a plan that already accounts for timing, taxes, and what you want life after the business to look like.

☐ Phillips & Company coordinates the proactive planning for you, so you can stay focused on running your business while we handle the strategy. [Learn More About Our Approach ->](#)

# What You Keep Often Matters More Than What You Sell For

Headline valuation can look like the whole story, but long-term outcomes usually depend on a lot more than that. Taxes, when cash actually shows up, how compensation is structured, how investments are coordinated, and how distributions are planned can end up shaping retained wealth more than owners expect. Good planning looks at the whole financial picture around the transaction, not just the sale price.



Two transactions with the same valuation can still land in very different places. The details matter, things like W-2 versus capital gains treatment, concentrated gains, installment structures, seller financing, and charitable vehicles all interact in ways that can change the result a lot. Phillips & Company helps clients improve after-tax outcomes without giving up headline price, and coordinated decisions after the transaction around investing, income, and distributions can keep tax efficiency from slowly getting worn down. Tax works best when it is managed on purpose, and planning before closing is one of the highest-leverage moves a business owner can make.

"Two transactions with identical valuations can produce dramatically different long-term outcomes."

☐ Phillips & Company works alongside business owners and their advisors to evaluate strategies designed around after-tax outcomes and long-term financial alignment. [Explore Our Wealth Management Approach ->](#)

# Strategic Structuring Opportunities

Before a deal closes, a few structural choices can make a real difference in what the money actually does for you later. The timing matters too. This is a big part of pre-liquidity planning, and people usually feel that once they start working through the details.

## Seller Financing

- Payments arrive over time
- Tax exposure can be spread across multiple years
- Creates an income stream after closing
- Can add leverage with certain buyer profiles

## Consulting Arrangements

- Compensation can be structured more deliberately
- Retirement plan contributions may continue
- Income can transition more gradually
- There is often more room for tax efficiency

## Installment Structures

- Helps reduce concentrated gain recognition
- Supports longer-term tax coordination
- Can smooth out cash flow over time
- Buyer creditworthiness and deal security still matter

## Entity Optimization

- Can improve transfer flexibility
- Affects how taxation works
- May open up estate planning opportunities
- Works best when handled before negotiations begin

## Time-Weighted Risk Sharing

- Spreads liquidity, taxation, and risk exposure over time instead of loading everything into closing day
- Seller financing may help stage payments and preserve flexibility
- Installment structures can sequence recognition and cash flow across several periods
- Earnouts may tie part of the proceeds to future performance
- Deferred payment arrangements can shift the timing of planning decisions
- Each option comes with trade-offs that need a careful look

📌 These decisions usually take coordination across a few advisors and planning disciplines. Phillips & Company handles that coordination for you, so the moving parts stay tied together and fit your broader financial picture. [Learn More ->](#)

# The Window Before Closing

A lot of the more useful planning moves have to happen before the letter of intent, before serious negotiations get underway, before diligence starts, or before the deal terms are locked in. Once the pace picks up, the room to adjust usually shrinks fast, and in some cases, the option disappears altogether. The earlier the conversation starts, the more choices usually stay on the table.

Planning Strategy	Before Closing	After Closing
Entity restructuring	Full flexibility available	Often limited or unavailable
Charitable planning vehicles	Strong opportunity window	Reduced flexibility
Installment structures	Fully negotiable	Usually finalized
Seller financing terms	Open for design	Harder to redesign
Estate transfer strategies	Significant opportunity	More constrained
Tax optimization	Broad strategic window	Narrower opportunities
Consulting arrangements	Structurable pre-close	Limited retroactively

The table above makes the pattern pretty clear. A strategy that looks easy before closing can turn hard, or sometimes impossible, once the transaction is done. That kind of timing can shape long-term financial outcomes in a big way for business owners. The schedule matters here. A lot.

"Optionality has value. The earlier planning begins, the more strategic flexibility remains available."

- ☐ Phillips & Company helps business owners think ahead about tax coordination, future liquidity, estate integration, and strategic flexibility before decisions get compressed.

[Contact Our Team ->](#)

# From Operator to Capital Allocator

Business owners are used to creating value through day-to-day decisions, careful execution, reinvestment, and being close to every major outcome. After liquidity, wealth starts to depend more on capital markets, investment structures, portfolio risk management, and coordinated distribution planning. That calls for a different way of making decisions, and a lot of business owners end up trying to use the same instincts that served them well in the operating business.

## The Operator Mindset

- Wealth created through direct action
- Returns driven by operational decisions
- Concentration in a known, controlled asset
- Reinvestment as the primary wealth-building tool
- Income tied to business performance
- Risk managed through operational control

## The Capital Allocator Mindset

- Wealth preserved and grown through portfolio strategy
- Returns driven by markets, structure, and diversification
- Concentration risk actively managed
- Distribution and tax efficiency become primary disciplines
- Income requires intentional planning and sequencing
- Risk managed through asset allocation and coordination

This shift can be one of the biggest in a business owner's financial life, and it often shows up fast, right when other decisions are piling up too. Without a clear framework for post-liquidity wealth management, investment structure, income planning, tax-efficient distributions, and estate work can slip into reactive mode instead of being handled with intent.

- ☐ Phillips & Company helps business owners coordinate investment architecture, income planning, risk management, and long-term wealth strategy through every phase of the transition. [Explore Our Wealth Management Services ->](#)

# Why Most Liquidity Events Fall Short

"The gap is usually not expertise. It is coordination."

Most business owners already have a CPA, an attorney, and an investment relationship. The harder part is getting those pieces to work together. A liquidity event does not happen in separate lanes, and choices in one area tend to ripple into the others pretty fast.

01

## Tax Without Investment Context

Tax planning that ignores investment timing can trigger avoidable liquidation, clumsy rebalancing, and missed chances to defer gains.

02

## Estate Plans Without Post-Sale Liquidity

Estate plans that do not account for post-sale liquidity can move assets in awkward ways or lose the valuation discounts that only made sense inside the business structure.

03

## Investment Decisions Without Tax Consequences

A portfolio can look strong before tax and still come up short once taxes and distributions are part of the picture.

04

## Income Plans Without Holistic Alignment

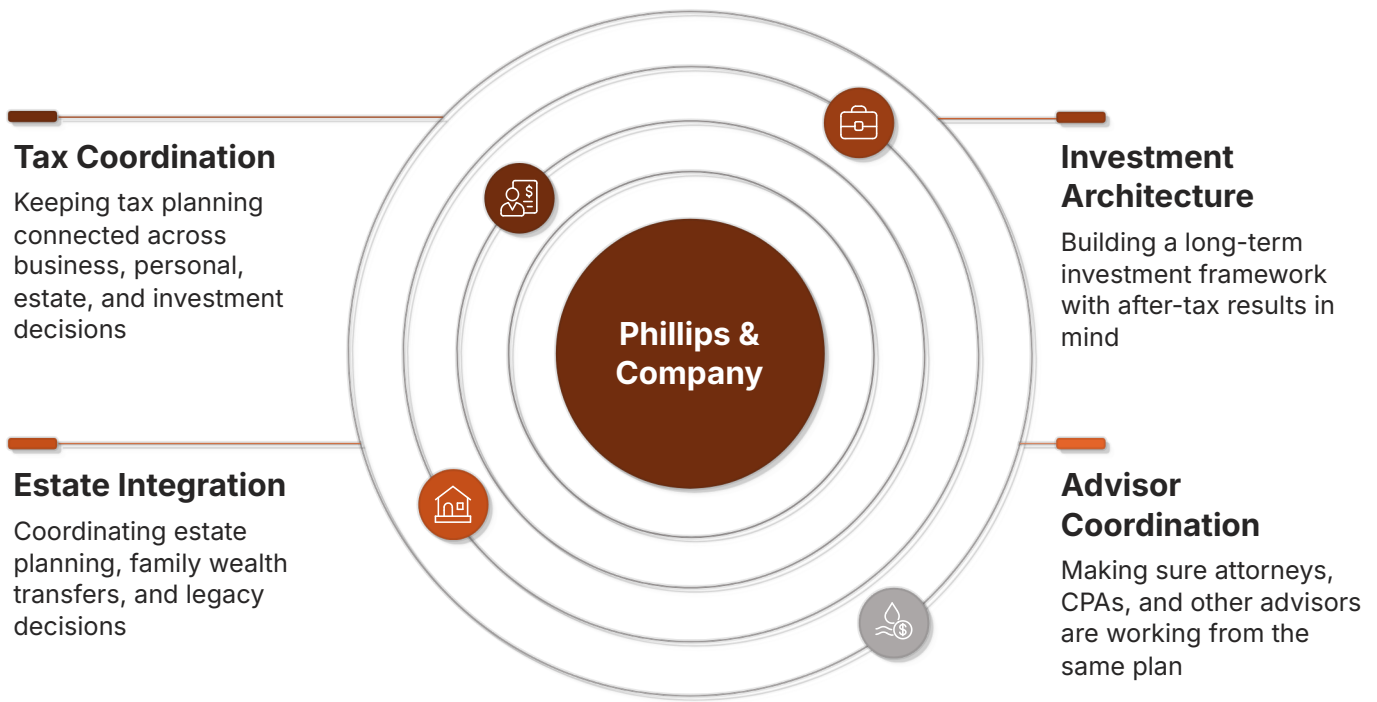
Distribution plans built without regard for estate needs, tax position, and longevity projections tend to create friction that is hard to unwind later.

Each decision may make sense on its own. When they are not lined up, they start working against each other, and in a liquidity event that kind of misalignment can build quickly.

- ☐ Phillips & Company serves as a central coordinating relationship designed to help align tax planning, estate strategy, investment architecture, and long-term liquidity decisions. [Learn More About Our Advisory Approach ->](#)

# Bringing Order to the Moving Parts for Business Owners and Families

Most business owners already have the pieces in place, attorneys, CPAs, insurance professionals, investment accounts, estate documents, and a handful of financial priorities all pulling on their time. The hard part usually is not getting advice. It is getting everything to line up so each decision makes sense in the larger picture, instead of being optimized on its own and causing problems somewhere else.



Most business owners spend years building something worth protecting. When the time comes to transition that wealth, the difference between a good outcome and a great one usually comes down to whether the right people were coordinating the right decisions at the right time. That is exactly what Phillips & Company is built to do.

## **Your Plan, Fully Managed.**

We coordinate tax strategy, investment planning, estate decisions, and advisor alignment around a liquidity event and beyond so you do not have to manage the moving parts yourself. [See How We Work With Business Owners](#)

# This Is What It Looks Like to Be Ready

Owners who tend to feel most settled when something big happens are usually the ones who already had their financial picture organized and someone who understood it. When your tax, investment, estate, and advisor decisions are coordinated and working together, there is less scrambling when something happens.

## What We Take Off Your Plate

- Coordination that keeps tax decisions aligned across every part of the picture
- Investment planning shaped around the outcome you actually want
- Estate and family wealth decisions handled with care
- Advisors working from one clear plan
- Your time and attention kept where they belong

## Let's Talk

We work with business owners at every stage, from those just starting to think about the future to those in the middle of a transaction. The earlier the conversation, the more we can do together.

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**[Schedule a Conversation](#)**