



Kate McConnell | B.Comm, CLU

PRINCIPAL

Enhancing CMG's support to Canada's business families & priming the next generation

When you're the daughter of a business owner, it can be difficult to navigate your role. What will the future look like? How will you fit into the firm? How do you carve out your own role, an "identity" that's about you? Where are the others that are facing these challenges? Whom can you talk to?

At CMG, we are a family capital company helping business families transition their human capital and financial capital to the next-generation family members - providing them with the support, advice, resources, and community they need to succeed.

We have been "eating our own cooking," spending time and focus ensuring that CMG is well positioned for the future, with a strong leadership team and plan for enduring as a company. That's why we continue to strengthen our bench, both by hiring and supporting the career growth of smart, young people that are passionate about supporting family-run firms. [Kate McConnell](#), a Principal with CMG since 2019, is certainly one of those, and she's a next-generation family member of our firm, to boot.

Kate advises and supports business families on generational transitions, with a particular focus on life insurance as a key tool in the estate plan. "My biggest passion is hearing the stories from business families, understanding how they got started, and being able to connect a business family's vision and values with their estate plan," Kate says.

Prior to joining CMG, Kate spent almost 10 years in a variety of roles in financial services and commercial account management, most significantly with the Royal Bank of Canada. There, she managed a roster of construction and real estate clients, including family-run businesses.

Kate is motivated to help business families inject new energy and focus into their estate planning, especially when it comes to life insurance. "Insurance is interesting because it's a promise of the future. I've been lucky because, working with CMG, I've been able to see some of the impacts of the work done years ago and see how the plan actually helps families during a transition," she says. In 2021, CMG created about \$100 million of wealth through death benefits that were paid to families.

Kate sees two issues crop up repeatedly with business families that she advises:

1. Business families see life insurance as more of a cost than a benefit; and
2. Members of the next generation aren't often aware of the planning that has been done, and what happens when their parents pass. This is unsettling to them. They don't want any surprises.

How Kate addresses these issues:

Priming the next generation

1.

Kate is passionate about serving business families' younger cohorts. It's about "getting to know that next generation that is joining the business, either as an owner or operator, and helping educate them in terms of the estate planning that their parents have done," she says. So, Kate, along with the team at CMG, has been working with business families to run scenarios, imagining what those first 100 days after an unfortunate event would look like.

Life insurance plays an important part in transitions. "A lot of the time the bank might not even lend to these families if the key person has passed away," Kate says. "It's more difficult to get financing."

There are other ways business families can fund their tax liabilities. For example through marketable securities or borrowing from the bank, but they present additional tax consequences, Kate says. "So, if you want to keep this capital within your family you need to have the liquidity to cover the estate taxes when a key family member passes away. And insurance is often the most cost-effective way to do that," she says.

The life insurance has to make sense and fit into a family's estate plan. More importantly, understand where that liquidity for taxes will come from and do any exercise of walking through what that would look like. For example, what would it look like using marketable securities, and how the cost compares to life insurance? "I think unless we take the time to help the family get coordinated on their planning and what's most important to them, the life insurance seems like a cost because it's not connected to the emotion, or what happens if this planning isn't done", Kate says.

Creating a community of rising gens

2. CMG recently began a series of networking opportunities for this next-generation community. Though in-person events were put on pause in the early days of the COVID-19 pandemic, they have recently resumed, with opportunities for this younger generation to meet and learn from one another. It is a chance to discuss issues they are facing, whether they are technical, financial, or family dynamics, with a group of peers. It's also a chance for CMG to learn how we can best support our business families as they move forward, develop their future leaders and grow their companies.

"My goal is to create a community of these 'rising gens,'" Kate says. "In the future, I would love if they started to do work and deals together, and CMG is the glue or that introductory point. Or even better, they remember CMG as a resource during a difficult situation regarding their family or business that they were trying to navigate."

A family helping families

3. Kate's grandfather, Frank Creaghan, founded Creaghan McConnell Group in 1987 (along with his son Peter Creaghan and son-in-law Marty McConnell) with the goal of helping business families transition from one generation to the next. So, Kate understands better than most what it means to be part of a family business and it fuels her enthusiasm for the work. "I think I have a lot passion," she says. "I'm in a similar position, or I can relate to them."

"CMG was started as an insurance-advisory firm, but it's grown to so much more than that – we are a family capital company", Kate says. "We help these families get coordinated around their wealth, and help to protect the human and financial capital. Estate planning and insurance is just one piece of the puzzle."

We recognize how important it is to on combine financial planning, technical, and tax advice with equal attention paid to the human side of the business. As we like to say, it's about the business of the family as much as the family business. We accomplish this by using a team approach. "At CMG, on every case you work on, you have multiple eyes on those cases and multiple experts," Kate says.

Kate's key takeaways:

1. Start planning early. The best time to start your life insurance and estate planning is yesterday. But if not yesterday, today. Circumstances, including your health or the cost of the plan, can change.

2. Communicate with those around you. Ensure your family is all on the same page about your estate planning. Have a "team approach" with your legal, tax, and insurance advisors. CMG can liaison between your family and advisors to make certain there are no gaps or oversights in your plan.

3. Life insurance is an investment in the future. "It's an investment in the future of the family's capital," Kate says. "In the long run, it will pay huge dividends in terms of flexibility, tax efficiency, and cost savings. It's there when you really, really need it."

4. Spending the time to get coordinated. Looking into the future and understanding what you want. From there, work backward to ensure that everything aligns to help you get there.