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BUSINESS SUCCESSION PLANNING

The business owner may need help identifying a natural successor for his/her business. The following questions may help to start the conversation with a business owner on the importance of business succession planning.

IF THE OWNER WANTS TO LEAVE THE BUSINESS TO HIS FAMILY:

- Would you like your business to remain in your family?
- Are there family members currently active in the business? If so, is there one person that is more of a leader?
- Do you have family members not involved in the business that you want to provide for in your estate plan?
- Do you want your heirs to share equally in your estate?
- How confident are you that the active and inactive members of your business could successfully work together to run the business?
- Would you like to provide a source of funds, other than your business, to provide for your heirs who are not involved in the business?

IF THERE ARE CO-OWNERS:

- Have you and the other owners discussed what will happen if one of you leaves the business?
- Do you have any type of arrangement already worked out between you and the other owners? If so, when was that agreement created and/or last reviewed?
- Will your family be adequately provided for via income from the business if you died unexpectedly?
- Would you want to be in business with a spouse of a co-owner if the co-owner were to die?
- Would you like to have your interests in the business purchased upon your death? What about if you retire or become disabled?

- Do you think the other owners of your business want the same thing?
- How important is flexibility to you in terms of how a purchase or sale of business interests is handled?

IF A KEY EMPLOYEE MIGHT TAKE OVER OR IS IMPERATIVE TO THE CONTINUED SUCCESS AFTER THE OWNER'S DEPARTURE:

- Who are the key employees or "superstars" in your business?
- Have you ever thought about transitioning your business to this key person?
- Would this person have the ability to purchase the business from you? Would you even want them to purchase it or would you rather have the business just go to him/her?
- If you are not around, would you want or need this key person to help transition the business successfully to the next intended owner?
- Would you ever consider having the business become employee-owned?

SUCCESSOR UNKNOWN AT THIS TIME:

- Do you want to be able to take care of your family without being dependent on whether your business will succeed after you are gone?
- Have you considered whether your business is an asset you can sell to a third party? If so, what sort of value do you think you can get and who would be the buyer?
- Would you ever consider having the business become employee-owned?

This presentation presents an overview of business planning. It is not intended to provide full disclosure. It is not intended to give tax or legal advice. Any comments about tax treatment simply reflect an understanding of current interpretations of tax laws as they relate to business planning and life insurance. Tax laws are always subject to interpretation and possible changes in the future. **It is recommended that you seek the counsel of your attorney, accountant, or other qualified tax advisor regarding business planning and life insurance taxation as it applies to your particular situation.** These pages depict certain business planning options. All references to the present or future value of death benefits and cash values of pre-existing life insurance policies are based on the information you have provided for purposes of this analysis. They should not be construed to be the actual present or future values of the death benefits or cash values available in those life insurance policies. For a detailed projection of policy values of a given life insurance policy, please contact the company that issued the policy(ies) in question.