

# Where There's a Plan, There's a Continued Business

The idea that someday, someone else will be running your business may be a difficult one to consider. However, because death is a fact of life, it is important to face the inevitable. Therefore, if you wish your business to continue-and thrive-after you are gone, consider taking the time now to create a business succession plan.

A business succession plan is far more than a legal document designed to pass your possessions on to beneficiaries upon your death. It is a comprehensive estate planning tool that can include everything from shareholder buy-sell agreements to management plans, as well as any other documentation relevant to the smooth operation of your business. Whereas traditional estate plans are usually designed to lessen potential tax burdens, the business succession plan may include such considerations, but is aimed primarily at maintaining the overall health of your business.

## Protection for Your Family and Your Executors

Proprietorships and partnerships must cease operation upon the death of an owner or partner. If a family member or executor attempts to carry on your business-without the proper granted authority-he or she can be held personally liable for all debts and any decline in value of the business, while your heirs are entitled to all profits of the business.

The business succession plan can clearly state the future financial options of your business: Who has the authority to continue its operation? Will it be sold, liquidated, or continued? Who are potential buyers and do they have the cash to accomplish the purchase in a timely fashion?

Authority to operate your business should be detailed in an enabling document signed by all interested parties while you are still alive and actively involved in the business. This document should be filed with the proper authorities as governed by state law. Among other things, it can grant specific authority to continue your business and a reasonable salary to your named successor, as well as offer protection against the risks inherent in business continuation without authority.

## The Status of Your Spouse and Employees

In all cases, your spouse should be informed of decisions regarding the disposition of your business. In the case of employees, specific details and confidential information need not be disclosed, but the fact that arrangements have been made to help safeguard their welfare can be communicated through a meeting or memo.

## How to Begin

An estate planning team consisting of your attorney, accountant, and qualified financial professional can help you devise a business succession plan, including all the necessary documents and required information. There are established methods for a transition that will leave both your business and any successor management free from unnecessary worry.

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