



Planning for Business Continuation



When A Business Owner Dies, The Surviving Owner(s) Typically Want:

- Total control of the business, without interference from the deceased owner's heirs;
- A prompt transfer of the deceased owner's interest, at a fair price to the surviving owners; and
- The loyalty and support of employees, customers and creditors during and after the transition in ownership.



When A Business Owner Dies, The Deceased Owner's Heirs Typically Want:

- Ongoing financial security after the loss of the deceased owner's salary and benefits;
- Prompt settlement of the deceased owner's estate, including proper tax-valuation of the business interest if it is to be sold; and
- Retention of the business interest by family members or a prompt sale of the interest at an attractive price.

In The Absence Of Planning

Without a formal, written buy-sell agreement among the business owners spelling out what will happen when an owner dies, unhappy consequences may result:

- Conflicts and possibly even litigation between the deceased owner's heirs and the surviving owner(s);
- Delays in the transition to successor ownership and in settling the deceased owner's estate;
- Potential loss of customers, employees, and creditor confidence that can damage the business and possibly even force its liquidation.

Advantages Of A Buy-Sell Agreement

A formal, written buy-sell agreement among the owners of a business is the first step in assuring:

- An orderly and successful transition in business ownership following an owner's death;
- A fair price for the business interest and terms of sale that are reasonable to all parties;
- A set value for the business interest for estate tax purposes, which can help to avoid estate settlement delays and IRS challenges; and
- Confidence in the ongoing vitality of the business in the eyes of customers, creditors and employees.

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