

Contingency Planning for the Business

"Making sure the business continues when the owner doesn't"

Your Exit Plan should assure you that your business may continue if you don't. The right plan will make sure that your family's income and other needs are met if you suddenly die or become disabled.

When a Co-owner Exists

Traditional Buy-Sell planning techniques will control the transfer of ownership when certain events occur. A Buy-Sell agreement usually contains the following provisions:

- Funded Death Buy-Out
- Funded Disability Buy-Out
- Transfer to Third Party-Right of First Refusal
- Termination of Employment
- Retirement
- Bankruptcy
- Divorce
- Business Disputes

When No Co-owner Exists

- Liquidation
- Transfer to Family
- Sale to Key Employees
- Sale to Outside Third Party

A sole owner, at a minimum, should communicate in writing their wishes as to what should be done with their business upon death or permanent incapacity. These wishes should include the following:

- Who will supervise day to day operations, final decisions and administration
- Who should be consulted in the transfer process
- Names of businesses which have expressed interest in acquiring the business
- How will management be compensated for their time continuing to work in the company until ownership is transferred or the business is liquidated

Helping business owners protect, preserve and pursue more value from their business, more tax efficiently! ®

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