

Business Ownership & Succession Planning

If you own a business, your executor needs to know about it.

Businesses don't pause when you die. Employees still need to be paid. Suppliers still need to be managed. Customers still need to be served. And someone needs to make decisions about whether to keep the business running, sell it, or close it down.

Without clear instructions and information, your business could lose value quickly - or collapse entirely.

This section helps your executor understand your business, know who to contact, and make informed decisions about its future.

What kind of business structure do you have?

The structure of your business affects what happens when you die:

If you run the business in your own name (a sole proprietorship), what happens to it when you die depends on your situation, your executor may be able to sell it as a going concern or wind it down. Because this is a legal and tax question, your executor should get advice from the business's attorney and accountant before acting.

Partnership. You own the business with one or more partners. When you die, the partnership agreement should specify what happens to your share. Usually, the surviving partners have the option to buy out your share (either from you or your estate). If there's no partnership agreement, things get messy.

If your business is a separate entity (like a corporation or LLC), your interest in it is usually handled as part of your estate, but exactly how depends on the entity type and any owner agreements in place. Note the structure and where the agreements are kept, and have your executor confirm the specifics with the business's attorney.

Trust. The business is owned by a trust. When you die, the business stays in the trust. But if you're the trustee or Trust Protector, your executor needs to know who takes over those roles.

Do you have a succession plan?

Succession planning means deciding what happens to your business when you die.

Options include:

- Sell to a co-owner or business partner. If you own the business with others, they might want to buy your share. This should be documented in a buy-sell agreement (sometimes called a business succession agreement).
- Sell to a key employee. Maybe your general manager or head of operations wants to take over. Have you discussed this with them?
- Sell to a third party. Your executor finds a buyer and sells the business as a going concern.
- Pass it to a family member. If your son, daughter, or spouse wants to take over, make sure they're prepared and capable. Running a business is hard.
- Wind it down. Close the business, sell the assets, pay the debts, and distribute what's left.

If you don't have a plan, your executor will make the decision for you. And they might not choose what you would have chosen.

What about business debts and liabilities?

If your business owes money (business loans, supplier credit, leases, employee entitlements), your executor needs to pay those debts before distributing anything to beneficiaries.

With some business structures, debts generally sit with the business rather than with you personally, though that protection isn't absolute, especially where you've signed a personal guarantee. Note any guarantees you've given, and have your executor confirm what your estate may be responsible for with the business's attorney.

Include details of all business debts and guarantees here.

WHY THIS MATTERS

A business is often one of the most valuable (and most complicated) assets in an estate.

Without information and a succession plan, your business could lose value rapidly. Key employees might leave. Customers might go elsewhere. Suppliers might cut off credit.

By documenting your business details and expressing your wishes, you're giving your executor the tools to protect your business's value.

You've just saved your business (and your family).

Your Business Ownership & Succession Planning

Who to call, what you owe, and what should happen to the business when you're gone.

BUSINESS 1

BUSINESS NAME	TRADING NAME
EIN	BUSINESS STRUCTURE
YOUR ROLE	OWNERSHIP %
ANNUAL REVENUE	NUMBER OF EMPLOYEES

BUSINESS 1: KEY PEOPLE

BUSINESS PARTNER NAME	PARTNER PHONE
PARTNER EMAIL	GENERAL MANAGER NAME
MANAGER PHONE	MANAGER EMAIL
ACCOUNTANT NAME	ACCOUNTANT FIRM
ACCOUNTANT PHONE	LAWYER NAME

Your Business Ownership & Succession Planning (cont.)

LAWYER PHONE

BUSINESS 1: SUCCESSION PLAN

What should happen to the business when you die.

SUCCESSION INTENTION

BUY-SELL AGREEMENT STORED AT

PARTIES TO AGREEMENT

HOW BUSINESS IS VALUED

LIFE INSURANCE TO FUND BUYOUT

BUSINESS 1: AGREEMENTS & DEBTS

SHAREHOLDER / PARTNERSHIP AGREEMENT STORED AT

SHARES OFFERED TO OTHERS FIRST?

AGREEMENT KEY TERMS TO KNOW

BUSINESS LOAN LENDER

AMOUNT OUTSTANDING

PERSONAL GUARANTEE GIVEN?

EQUIPMENT FINANCE PROVIDER

EQUIPMENT AMOUNT OUTSTANDING

Your Business Ownership & Succession Planning (cont.)

SUPPLIER CREDIT

EMPLOYEE ENTITLEMENTS OWING

BUSINESS 1: ASSETS & RECORDS

MAJOR ASSETS (EQUIPMENT, STOCK, IP)

APPROXIMATE VALUE

FINANCIAL RECORDS STORED AT

TAX RETURNS STORED AT

BUSINESS 2 (IF YOU OWN ANOTHER)

BUSINESS NAME

EIN

BUSINESS STRUCTURE

YOUR ROLE

ANNUAL REVENUE

NUMBER OF EMPLOYEES

ACCOUNTANT NAME & PHONE

LAWYER NAME & PHONE

SUCCESSION INTENTION

AGREEMENTS / DEBTS STORED AT

Your Business Ownership & Succession Planning (cont.)

YOUR WISHES FOR YOUR BUSINESS(ES), AND ANYTHING ELSE YOUR EXECUTOR SHOULD KNOW