ESTATE PLANNING CHECKLIST for BUSINESS OWNERS

OVERALL PLANNING

As a business owner, you have some special problems; what provisions have you made for the following items:

- Disposition of the business (Will it be liquidated, sold or merged, or continued for the benefit of your heirs? These are the only choices!)
- Successor management if the company is to continue after your death.
- Liquidity to pay death costs.
- Funds for surviving spouse and dependent children.
- Valuation of your business.

SPECIFIC CONCERNS

Have you reviewed the possible tools for passing on your estate?
Which of these (or what combination) appear to be optimal for you at the present?

- Gifts
- Trusts
- Life Insurance
- Private Annuities
- Pension/Profit-Sharing Plans
- Deferred Compensation Plans
- Buy/Sell Agreements
- Re-capitalization
- S-Corporations
- Family Partnerships
- Installment Payment of Death Taxes
- Corporate Redemptions
**How will you pass on property?**

- Will
- Community Property Agreement (community property states only)
- Joint Tenancy With Right of Survivorship
- Laws of Intestacy (no will) — WORST ALTERNATIVE!
- Gifts

**Have you reviewed the function of your executor with the person designated?**

- Receive court certification
- Inventory estate assets
- Publish notice to creditors
- Establish allowance for surviving spouse (if necessary)
- Complete asset valuation
- File tax return
- Receive IRS clearance
- Get closing order from court
- Close estate/distribute assets

**Have you done the following?**

- Compiled personal income and expense records
- Listed accumulated assets and liabilities
- Reviewed existing life insurance
- Determined and listed your own needs and desires — and those of your heirs
- Projected liquidity needed to pay death costs
- Reviewed sources of cash — these may include:
  - Life insurance
  - Savings
  - Institutional borrowing
  - Sale of business or liquidation
  - Gifting before a death
  - Corporate stock redemption
  - Buy/sell agreement
  - Preferred stock re-capitalization (See note at bottom of page 9)
  - Private annuities
Estate Planning Checklist for Business Owners (cont.d)

- Determined the needs for your dependents

- Reviewed sources of continuing income — These may include:
  - Deferred compensation plans
  - Dividends from the company
  - Redemption of stock by the corporation
  - Lease of building and/or equipment to the company
  - Sale of the business

- Decided if the business will pass intact to successor management
  Issues include:
  - Will spouse/children have control of the business?
  - If so, will they have enough control to successfully manage it?
  - Who will be the key executives?
  - Will suppliers and customers continue to stay with the business once the transition has occurred?

- Reviewed and decided on a method for maintaining management succession — These include:
  - Buy/sell agreements
  - First right of refusal
  - Option to purchase
  - Deferred compensation plan
  - Gift
  - Private annuities
  - Preferred stock re-capitalization (see note below)

- Established a method for valuing your estate — Methods include:
  - Buy/sell agreement
  - Preferred stock capitalization (see note below)
  - Pre-death sale contract
  - Gifts

Note: Legislation has changed the impact of preferred stock re-capitalization for estate planning purposes. Be sure to check with your professional advisors regarding applicability to your situation.