



*Transferring
wealth & wisdom
from generation
to generation*



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BUSINESS SUCCESSION PLANNING

Maximize Value of Your Company; Minimize Transfer Difficulties

You have spent years, if not a lifetime, investing time, energy, and passion into your company. However, many business owners don't have a strategy in place in the event of their disability, retirement, or death. It is easy to get so caught up in day-to-day activities that planning for the distant future is put on the back burner. However, your exit will impact not only employees, but also family, assets, and tax obligations.

As part of your estate plan, establishing a method of transferring control of your business is imperative. Nothing in life is guaranteed, so don't leave these important details up to chance. Please see the checklist below of topics to address when planning business succession.

Who is capable of running your business?

This decision requires careful consideration. Who is not only capable, but also available and interested in owning and operating your business? Maybe it is a family member or another trusted individual. Regardless, these conversations should not take place last minute or under pressure. Once your choice has been finalized and agreed to by all parties, your attorney can officially include your wishes in your estate plan.

How to be fair to family members actively involved in your business versus those who are not?

Many companies, both large and small, employ family members. The extent of their involvement and control varies by situation. Your business is an asset so splitting its value evenly amongst heirs requires a predetermined arrangement. There is also the issue of training your successor if needed.

Will your passing cause a liquidity crisis?

In addition to coping with an emotionally difficult time, your family could also be presented with logistical issues in regards to your company. This is another reason why detailed plans for your succession are so important. Potentially, insurance proceeds can be set aside to replace income lost during the transition so business can continue uninterrupted.

Are all books and records in order for a smooth accounting transition?

Although most companies employ a professional accountant, many business owners personally administer bookkeeping responsibilities. It is important that your successor is able to locate and understand your records to ensure a smooth transition.

Additional Tax Considerations

These questions will be examined further in a follow up article.

- Will inclusion in the business cause income and estate tax issues upon your passing?
- Is the current entity structure appropriate and will it facilitate a smooth transition?
- Will your business be able to take advantage of "Step-Up" in basis on underlying assets or will it be prohibited based on entity selection?
- Is your business difficult to value? Brand, client list, and real estate; should these be considered separately for estate planning purposes?

As estate planning and exit strategy consultants, Wollman, Gehrke & Solomon, PA considers all aspects of each unique situation. Our attorneys work to build a transition team of professional advisors to insure all of the above topics are addressed effectively. The success and growth of your business in the next generation is a most rewarding legacy.

Visit www.probate-florida.com to read more about this subject and other estate planning matters.

Ed Wollman is a Florida Bar Board certified Attorney specializing in wills, trusts, and estates with over 26 years of experience practicing in the state of Florida.

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Where Today's Plans Become Tomorrow's Legacy