

What Is In A Business Succession Plan?

What happens to a business when the owner dies or becomes disabled and didn't make any plans to protect the business?

- 1 Choose A Successor: Who has the skills and information to run the business in the short term and protect your assets, heirs and investment?
- 2 Get A Valuation: Have your business appraised or get a business valuation to determine how much the business is worth. If one partner dies, the other partner(s) can buy their share of the business at the agreed value.
- 3 Buy Life Insurance: Each partner in the business should be insured to cover their share of the business' value for a potential buy-out.
- 4 Tax Implications: An estate planning or business inheritance attorney can help you create a succession plan that is legally binding in your state, and make sure that all contingencies are covered.
- 5 Identify Buyers or Heirs: Some businesses can be sold to partners or have a family member succeed a deceased CEO. Other business must be sold after the owner dies, and a business succession plan should identify potential buyers.