

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.