

# The Business Owner's Trio of Legacy Issues



**I**f you own a small business you play many roles: business owner/partner, employer, negotiator, supervisor, diplomat, trainer, financial manager, operations manager, and possibly spouse, parent, etc. You can probably add a few roles to the list.

With these “roles” come responsibilities. Your first is to keep the business flourishing. If the business goes, it all goes. You also have legal responsibilities. Yes, taxes and regulations are a necessary burden. There are the day-to-day operations that must be managed while anticipating the year-to-year plan. You must keep your customers happy while motivating your employees. It does present a challenge. And, while doing all this, you must maintain balance between work and home. After all, those at home are the reason you work so hard.

Let's consider some events that may add to your burden.

## Key Person Issues

You recognize that you are key to your business's ongoing success, but are there others whose contribution is vital as well . . . a top sales person, your controller, other officers and/or owners? Would the loss of one of these people lead to loss of customers or slow down progress even temporarily? Is retaining your key staff important to your business?

## Business Succession Issues

Do you have partners? If yes, then do you want to be in business with a deceased partner's spouse . . . or children? Do you want to depend on your surviving partner to make payments to your spouse if you should predecease him/her? Or do you want to make payments out of current receipts to a partner's surviving spouse—perhaps at the expense of your own family's income stream? Would you like to have the cash available to buy out a deceased partner's share? If this issue isn't settled while you are alive and well, the courts may have to settle it once you are gone.

No partners? Can your family run the business? Maybe one child has an interest. This is good. Right? Maybe not . . .

## Estate Parity Issues

Think about this. One child in the business; the others go another route. How do you create a semblance of equality? This situation is asking for family chaos—the last thing most of us want. Yes, the one child who has worked in the business feels deserving. However, the other children may feel that they had to make their own way so they deserve something as well. Short of selling the business and dividing the money, what is a practical way to create equity?

Your Security Mutual Life Insurance Company representative can help you create a plan that can assist with all of the above issues. Your plan can include an option that will help retain key staff with a plan for them, and if you wish, provide a “cushion” for your business.

The plan can also provide funding for a buy-sell at the death of the business owner. Of course, family parity is important, and having cash to help create balance in the inheritance is an important feature of the business owner's plan.

Contact your Security Mutual agent for the details and for a look at a plan specifically designed for you and your objectives.

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