

OWNERSHIP & MANAGEMENT SUCCESSION PLANNING

Establishing where you want to go, evaluating your situation, and creating a plan of action are basic functions of daily life. We often perform these functions automatically without much effort or need for in-depth thought. Long-term decisions such as choosing a career, a spouse, retirement, or estate planning are exceptions and demand careful consideration.

Working through the following set of questions will help you determine what you want from retirement and begin to evaluate your situation before you implement a plan of action.

What you want

1. The following will trigger my retirement.
 - age (state what age)
 - health
 - my spouses age (state what age)
 - my spouses health

2. Do you want to leave financial assets to heirs or a charity?
 - cash to heirs
 - cash to one or more charities
 - business to heirs
 - real estate to heirs or charities

3. Where do you plan to live during retirement?
 - remain in current home
 - move to town
 - another residence I currently own
 - other

4. How do you plan to use your time during retirement?
 - some involvement with business
 - no involvement with business
 - part-time employment
 - full-time employment in another occupation

5. Do you have financial resources to accommodate you and your spouse's living expenses during retirement?
 - yes
 - no
 - uncertain

6. Do you plan to retain ownership of your business but transfer the management?
 - yes

- no
- uncertain

EVALUATING YOUR CIRCUMSTANCES

1. What provisions has your business made regarding the transfer of the ownership upon retirement, death, disability, divorce or bankruptcy?
 - none
 - some (please describe)
 - completed (please describe)

2. How does your business restrict the transfer of the ownership?
 - none
 - legal obstacles (please describe)
 - family issues

3. How does your business provide for the determination of the value of the business?
 - none
 - unsure
 - appraisal
 - balance sheet
 - plan in place (please describe)

4. Do you have employees? yes no, skip to #10

5. Does your business restrict the ability of your key employees to compete with your business after they quit? If so, for how long and under what circumstances?
 - does not apply; no employees
 - restricts the following activities:

6. How and under what circumstances can an employee be discharged from your business?
 - can be discharged by _____
 - can be discharged for the following:

7. Does your business have any executive bonus, salary continuation, stock options or other compensation plans?
 - no
 - offer the following:

8. Does your business have any key person insurance policies?
 - no
 - yes (please describe)

9. How is your business' confidential information protected?
- don't share information
 - spouse informed
 - share with attorney
 - share with accountant
10. What do you want to happen to your business over the next five years? What do you anticipate happening?
- plan to retire
 - rent to a successor
 - rent to a neighbor
 - plan to sell
11. What strengths and weaknesses does your business have?
12. What opportunities and threats exist for your business?
13. What do you want to happen to your business after you no longer participate in its management or ownership? What do you anticipate happening?
14. What do you expect to receive from your business from a financial perspective upon retirement, disability or death?
- _____ estimated liquid value before taxes
 - _____ estimated liquid value after taxes
 - other (please describe)
15. How do you intend to provide for the continued income for you, your spouse and family after retirement, disability or death?
- annual income from operations
 - annual income from rent
 - annual income from investments from sale
 - annual income from sale arrangement
 - other (please describe)
16. Will your business provide adequate retirement security for you, your spouse and other family members?
- yes
 - no

17. Will the ownership of your business be transferred to a family member or to an outside, third party?

18. How will you be paid for the transfer of ownership?

outright sale

sale by contract

other

increment purchases of equipment, livestock, and/or real estate

19. Will you have adequate security to assure the receipt of payments?

yes

no

uncertain