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
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