

# BUSINESS SUCCESSION PLANNING

## So You've Built the Business: Now What?

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Jane and Brenda are business partners in a successful real estate venture. They've worked together for years, building the business from a basement sideline to a fulltime venture with 12 employees in a downtown office. They're happy with their success and now they'd like to take life a bit easier. They've just started to think about how to have the business run for them, when tragically, Brenda becomes terminally ill and dies in a matter of months. Besides being devastated at the loss of her friend, Jane isn't sure what to do now about the business.

According to the Canadian Federation of Independent Business, almost 50% of business owners have not chosen successors for their businesses, have not considered succession issues and have not developed a retirement or estate plan. Indeed, almost 50% of the adult population in Ontario do not have wills.

The peace of mind that comes from sound estate and business succession planning allows you to make good business decisions

Why is this? Usually, business owners are so busy building and running their businesses that the planning process seems too time-consuming, too involved. Some don't want to think about giving up their businesses. Many just don't know where to start.

If you own a business, it's time well spent to ask your lawyer, accountant and other advisors the questions in Table 1.

No one wants to think about the end of a business that they've put their life into. Even less do they want to think about the end of their own life. But the peace of mind that comes from sound estate and business succession planning allows you to

make good business decisions that will benefit you, your estate and your beneficiaries.



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**Table I. Questions to ask your advisors**

1. How do I maximize the value of my interest in the business?
2. Will the value be maximized by transfer to the next generation or should I sell?
3. When should I start looking for a buyer?
4. Should I be doing anything now to get the business ready for sale?
5. If I have partners in the business and a partner dies, can I remain in the business with the deceased partner's spouse or children?
6. Will the deceased partner's family be able to buy out my share?
7. Will I be able to buy out the deceased partner's share?
8. What will be the tax consequences to my estate when I die? Can anything be done to minimize the tax bill now and/or on my death?
9. How will the taxes be paid?
10. Will it be necessary to sell the business to pay the taxes when I die?



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