

Simple precautions to reduce the risk of having a stranger as a partner

- ❖ **DON'T SELL OR GIFT BUSINESS INTERESTS WITHOUT CLEAR, THOUGHTFUL ADVICE.** Your attorney, accountant, and succession planner can help you assess the relative risks and implications of such transfers. You should consider the legal ramifications, the financial implications and the potential problems related to employer/employee or family dynamics.
- ❖ **ALWAYS INSIST THAT AN UP-TO-DATE SHAREHOLDER AGREEMENT IS SIGNED, VALUED AND UNDERSTOOD PRIOR TO MAKING ANY TRANSFER.** The most important provisions of this agreement will deal with a clear "recapture strategy" for the stock, particularly in the event of death, disability or the voluntary termination of the employee. Different stock values and payment methods may be appropriate for each event.
- ❖ **FAMILY BUYOUT PLANS CAN ELIMINATE THE MOST DIFFICULT OUTCOME -- MAJOR CONFLICT AMONG HEIRS.** Where a family-

owned company has some children or grandchildren who work in the company and some who do not, serious consideration should be given to a funded, guaranteed buyout plan between the employed children and their majority-owner parents. It is often better to provide children who work in a family company the ability to buy their parents' interest at their eventual demise, rather than forcing them to work for siblings who may not share their understanding of the financial realities of running a business.

- ❖ **REVIEW YOUR STOCK PROTECTION PLAN EVERY COUPLE YEARS** -- if you have one. If you don't, give us a call and we'll help you get one.

Don See, CLU is a Succession Planner who has worked with family-owned companies for twenty-five years to keep the companies and their resources in the family.



A CUP FROM HARVEY'S WELL...

**"IT ALL COMES DOWN TO THIS:
IF YOU WANT ONE YEAR OF HAPPINESS,
GROW GRAIN.
IF YOU WANT 10 YEARS OF HAPPINESS,
GROW TREES.
IF YOU WANT 100 YEARS OF HAPPINESS,
GROW PEOPLE."**

*"A network is the result of a lifetime
of caring about people, of learning about them,
listening to them, spending time,
paying attention."*

*"The master in the art of living makes
little distinction between his work and his play,
his labor and his leisure, his mind and his body,
his information and his recreation,
his life and his religion.
He hardly knows which is which.
He simply pursues his vision of excellence
at whatever he does, leaving others to decide
whether he is working or playing.
To him, he's always doing both."
-- James Michener*