

Succession Planning for Family Business



MetLife®

You've worked hard to build your family business into what it is today and you look forward to a successful transition to the next generation. The fact is, successful family business transfers do not just happen.

The Challenge

Careful planning and teamwork are the critical factors for any successful transition. Failure to adequately address succession planning is the primary reason that very few family owned businesses continue into the second generation and that even less continue into the third. Even though family business advisors place a strong emphasis on the importance of succession planning, many family business owners neglect to develop a written plan for passing control to the next generation.

How do you ensure that you've taken all the steps necessary to pass over the family business? Review your succession, retirement and estate plans with your advisors today!

Mapping the Future of Your Family Business – Succession Planning

In many cases, your business represents one of the largest and most important assets that you own. Consequently, developing a succession plan is one of the most important planning issues facing you and your business. It protects you, your family and your employees – a lot of important people!

What is a succession plan? Simply put, it's a comprehensive operational and financial plan that prepares you, your family and your employees for the transition of your business to the next generation. This transfer may occur during life or at death.



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As you consider your succession planning options, think about the following issues:

- How much longer do I want to run the business?
- Do I have a plan in place for unexpected events such as disability or death?
- If I retire, how does my business fit into my retirement plans?
- Which family members, if any, are interested in taking over the business?
- Are these family members capable of running the business?
- Does a buy-sell agreement or gifting plan make sense for me?

Integrating Your Plans

Integrating your succession plan into your overall estate and retirement plans is critical to achieving all of your personal, family and business objectives.

Your succession plan needs to be integrated into your overall estate plan. This can ensure that:

- The right family members end up with your business,
- Spousal and family income needs are adequately considered,
- Inactive family members are taken care of,
- Estate taxes, if any, are minimized.

From a retirement planning perspective, it often makes sense to consider in advance whether you will need to sell your business in order to retire comfortably. A planned retirement sale can increase your retirement income and can supplement additional sources of income provided from social security, qualified plans and your personal savings.

Whether you plan to keep your business when you retire, sell it or give your business away, the important factor is that you plan ahead and save as much as you can for retirement in order to keep your options open.

Your Team Players

Developing an effective succession plan requires a team effort between you and your professional advisors. Working

with your financial advisor, attorney and accountant, your MetLife Investors representative can help you achieve your estate, succession and retirement planning goals and help you avoid potential problems before they arise.

Succession planning is not a decision. It is an organized process that involves information gathering, discussion and the evaluation of options and alternatives. If you address the issue of succession as a process which includes all the needs and concerns of your entire family, succession planning can be extremely beneficial.

This is intended to provide you with a general overview of estate, retirement and succession planning strategies. You should always consult with your professional team of advisors for guidance pertaining to your particular situation. ■

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