

Succession Planning: Reasons for Advance Planning

1. A poor management transition plan can have a negative impact on business results, and can even result in business failure.
2. The value of your business may represent a substantial source of income in retirement. Proper succession planning can ensure that risks to your retirement capital are minimized as you approach the end of your work career.
3. If you hope to have your business continued by one or more family members, you will likely need to co-ordinate your business plan with your estate plan. You will also want to explore any tax deferral opportunities that could benefit you and other family members.
4. An unforeseen event – such as the death or disability of you or a business partner – could lead to business chaos without proper planning and financial protection. Advance planning can ensure that you, your family, and your business are all properly protected, through good times and bad.
5. Family members are often reluctant to initiate estate planning issues in case they are thought to be greedy. At the same time, parents may be reluctant to start the discussion in case it leads to disagreements among family members.