The Importance of Proper Estate and Business Succession Planning

Mitch McCuistian
Evans & Davis

This session is eligible for 1.25 Continuing Education Hours.

To earn these hours you must:
• Have your badge scanned in and out at the door
• Attend 90% of this presentation
• Fill out the online evaluation for this session:
  www.necanet.org/NNSurvey2019
Let’s talk about business planning…

The Basics

- Must have an LLC or Corporation
- Current Operating Agreement or Bylaws
- Employee/Contract Laborer Agreements
- Employee Manuals
- Succession Plan
  - Buy/Sell Agreements
  - Retirement Plan for Owners & Key Employees
Types of Succession Planning

- The **No** Agreement
- The “Handshake”
- Buy Sell Agreement/Shareholder Agreement
- Operating Agreement with Buy-Sell Provisions

“It is imperative to communicate the details of the Plan, empower the remaining partners & employees.”

The Planning Process

- Determine the Value of the Business
  – Appraisal vs. Setting a Price
- How is the Plan Funded?
  – Life Insurance? Promissory Note? Hybrid?
- Draft, Review & Sign the Agreement
- Confirm Funding & Schedule Annual Review
Other Key Agreements

a. Stay Bonus Agreement  
b. Profit Share Agreement  
c. Non-Disclosure & Solicitation  
d. Keyman Agreement

Let’s talk about estate planning…
Estate planning involves the creation of a comprehensive plan that governs your personal and financial affairs.

Does your family need an estate plan?
Yes!

(99.99999% of the Time)

Reasons for Estate Planning

• Avoid Probate – Time, Fees & Courthouses
• Avoid Conflict
• Privacy
• Guardianship Matters
• Avoidance of Estate Tax
• Medical Decisions & Directives
• Powers of Attorney
• HIPAA Authorizations
• Control of Assets
Triggering Events to Review Your Estate Planning

- Changes in Family – Birth, Divorce, Etc.
- Special Needs Family Member
- Death of a Loved One
- Onset of Illness
- Increase/Decrease in Net Worth
- Business Ownership

Let's Talk About Options?

- No Estate Plan
- Will
- Trust
The Probate Process…Probate is the judicial process to pay bills and transfer assets.

The Probate Process:
1. File will
2. Publish creditor’s notice
3. File inventory
4. File petition to deal with assets
5. Begin creditor’s claim period
6. Publish for final settlement
7. File final settlement
8. Distribute assets

The TV Guide
For Estate Planning
Without an Estate Plan…

- Blended Family
- Assuming No Adoption
- Catastrophic Results
- Ideal candidate for Trust
- Protection of Assets
- Avoidance of Probate

With a Simple Will

- Accomplishes selection of Heirs
- Must go through Probate
- All Public Information
- Massive Costs, Fees & Estate Taxes
- No control of land and/or royalty interests
With a Revocable Trust

- Children’s Trusts
- Protection of Assets from Remarriage
- Guardianship Issues
- Privacy
- Delayed Distributions

Questions? Thank you!

Evans & Davis
(866) 708-2335
www.evansdavis.com

Up Next:
9:45-10:30 am
Interactive break in Canyon 1-6

Please fill out the online evaluation for this session:
www.necanet.org/NNSurvey2019