

Succession Planning

What would happen to the business or your interest in the business if you were to die, become disabled or retire tomorrow? (based on the answer, skip to the appropriate section below)

Family Continues the Business

Who do you want to own the business?

Who will run daily business operations?

Do you think the change in management will affect your creditors, suppliers and customers? Yes No

How?

Does the business have cash reserves to support the transfer of ownership? Yes No

Will the business generate enough income for your family? Yes No

If the business is going to someone other than a surviving spouse, will the new owner or your estate have the resources to pay estate settlement costs on the transfer? Yes No

Do you want to provide for family members not involved in running the business? Yes No

Does your family have a clear understanding of your wishes for the business? Yes No

Does your will spell out your wishes? Yes No

Succession Planning

Business To Be Sold

Do you have someone in mind to purchase your interest of the business? Yes No

Is there a formal agreement/plan? Yes No

When was it created? By whom? When was it last reviewed? How is it funded? What are the terms?

When was the last time the business was formally appraised? What was the amount?

If you were to sell your business today, what do you think you could sell it for?

If you don't have a buyer in mind, could your heirs find a buyer or would business need to be liquidated?

Business To Be Liquidated

What assets will be sold for a prime price? What assets will be sold at discount or wholesale?

How would your family make up for loss of income if the business is liquidated?

Have you made provisions in your will for the orderly liquidation of the business? Yes No

How long do you think it would take to liquidate the business?

Business Valuation Worksheet

Complete the following information for the sole purpose of estimating the value of the business. The worksheet provides the information to help to determine a business value and the amount of life insurance necessary for estate taxes, buy-sell agreement, etc.

Number of shares of common stock: _____

Number of shares of preferred stock: _____

Number of shares of non-voting stock: _____

Book value: Total Assets: \$ _____

Less Total Liabilities: \$ _____

Book Value: \$ _____

Annual net earnings for prior five years

(Gross earnings less business expenses less owners' salaries less taxes) 20 _____

20 _____ \$ _____

20 _____ \$ _____

20 _____ \$ _____

20 _____ \$ _____

Excess Owner's Salary: What salary do you pay yourself in excess of what you would pay another person to perform your job? \$ _____

If you were considering purchasing stock in this company, would you view the purchase as a high, medium, or low risk investment? Low Medium High

Goodwill: How many years would the company's current relationship with the public influence receipt of income? _____ Years

Estimated Annual Growth Rate: _____ %

If you were going to buy the business today, what would you pay for it?

If you were going to sell the business today, what would you sell it for?

What business value would you want to use for planning purposes?

The values computed are, at best, only rough estimates and this report is not intended to be a substitute for a thorough professional appraisal. Any tax or legal questions should be referred to the appropriate tax and/or legal advisors.