

FAMILY BUSINESS SUCCESSION PLANNING WITH LIFE INSURANCE

THE NEED

A family business is often one of an estate's major assets. When there are some children, who won't be owners, and others that will, other estate assets must be used to balance out the estate. Using fixed assets is nearly impossible because of the difficulty in proportionally dividing them. Therefore, it requires liquid assets that are easily proportioned to balance out the inheritances. The problem arises when there are inadequate liquid assets to do so. However, when the liquid assets are inadequate, life insurance will provide the tax free cash required to provide the needed liquidity.

THE SOLUTION

Life insurance is bought on the parent/owner, with the death benefit being used to create adequate liquidity to balance the estate between siblings.

