

# FAMILY BUSINESS SUCCESSION TUTORIAL

A family business is often one of an estate's major assets. When there are some children, who won't be owners, and other's that will, a fair succession plan can be difficult. How do you pass a business to some children and not treat other children equally? It's a fallacy that children who work in the business earned the right to own the business, unless they never took a salary. The fact that they worked for the parent/owner and were paid for that work, shouldn't entitle them to their sibling's rightful share of the estate, of which the business is a part. The easy way is to use other estate assets to balance out the estate. However, using fixed assets to balance the estate 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. Life insurance is uniquely suitable to provide the tax-free cash required to provide the needed liquidity.

## Flow Chart

