



Family Business Succession Checklist

1) **Establish Goals & Objectives**

- Identify need for succession plan
- Establish personal retirement goals including cash flow needs
- Identify family's goals
- Establish clear communication with family and company
- Establish team of personal advisors (CPA, attorney, etc.)

2) **Decision Making**

- Involve family members in making decisions
- Establish plan to resolve issues
- Document succession plan
- Keep family and company aware of succession plan details
- Ensure all parties involved agree with potential plans

3) **Family Assessment**

- Involve family members in making decisions
- Establish a training system for family members to join company
- Determine if all family members can communicate effectively
- Create rules for communication; violations could result in exclusion from discussions
- Clearly determine all family members' goals are in line with business plans
- Determine if there will always be a place for any family member who wants to work for the company

4) **Successor Selection**

- Determine who is most qualified as successor – both managers and owners
- Clearly establish roles of all family members involved
- Identify areas of training needed by successors
- Establish training program for all successors for the future of the business
- Define role of current retiring owners/management if they are to remain involved

5) **Corporate Structure and Transfer Methods**

- Determine if business is to be transferred or sold to family members
- Clearly define roles and responsibilities of family members and other key employees
- Determine if family members are capable to fill management positions
- Develop plan for hiring and retaining non-family members as managers
- Determine documents needed to create proper structure
- Determine how to fund transfer

6) **Business Valuation**

- Determine value of assets and liabilities
- Consider what could be sold in the event of necessity
- Consider using business valuation experts to determine FMV for IRS purposes

7) **Exit Strategy**

- Determine method of transfer
- Establish timeline for the implementation of the succession plan
- Publish the plan so all affected individuals are aware of coming changes
- Continue to maintain clear communication with all parties
- Review plan on a regular basis and update as necessary
- Consider sharing plan with lenders, suppliers, and key customers

8) **Personal Estate Planning**

- Identify tax implication for owner and business in upon sale/transfer of ownership
- Determine if estate has liquidity to pay taxes
- Determine retirement income needs
- Develop estate and personal financial plan for owner, spouse, and children
- Provide for active and non-active family members
- Complete wills, powers of attorney, and personal directives

9) **Contingency Planning**

- Identify potential problem areas
- Develop "What if" scenarios
- Develop action plans for all possible scenarios
- Continue to use plan to resolve issues and conflicts

10) **Legal Considerations***

- Develop financial objectives
- Be aware of current tax implications in business
- Plan and implement tax strategies to minimize taxes due
- Consider buy-sell agreement
- Ensure estate plan coordinates with buy-sell plan

11) **Maintain Documents***

- Wills and Trusts
- Power of Attorney
- Healthcare Power of Attorney
- Property deeds, leases, agreements, etc
- Life Insurance trusts and policies
- Mortgage and other bills
- Business succession Plan
- Buy-Sell agreements
- Tax records
- Bank Information
- Contact info of professional advisors (attorney, CPA, etc)

***Neither American National nor its agents provide legal or tax advice. Clients should contact their attorney or tax advisor for their specific situation.**



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