

Use this fact finder to help you determine your client's needs and goals when developing a business succession plan.

1. Who owns what shares of what company(s)? Include a diagram and include holdcos and trusts.

2. Are these shareholders related? If so, how?

3. What is the current value of the business? If there is a holdco, what is the value of the other property in the holdco? Ask for copies of financial statements.

4. What is the adjusted cost basis and paid-up capital of each class of shares of each company? (Likely need to obtain from tax advisor.)

5. Has the business owner(s) and spouse used up all the \$500,000 capital gains exemption?

6. How is the business performing presently and how does the business owner think it will perform in the future? If possible, does the business owner have an idea how fast it will grow in percentage terms?

7. Do they bonus down to the small business tax rate? If so, what were the bonuses the last few years? If not, why not?

8. If dealing with two or more shareholders, is there a buy-sell agreement in place? Ask for a copy.

9. Assuming a family-run business, do their wills indicate whom the shares go to at death? If they go to the spouse, who gets the shares when the spouse dies? Ask for copy of wills.

10. Are there any children who are not involved in the business? Will they become involved? If not, how are they dealt with in the will?

11. Will the spouse and/or family have a source of income when the shareholder/spouse dies or if the shareholder/spouse becomes disabled?

12. What are the business owner's plans for retirement? Is there currently a successor? If not, what will happen to the business?

13. Are there any key people? If so, who are they and what financial impact would a loss of that key person have on the business?

14. Are there any outstanding loans? If there is a line of credit, what is the highest it reaches in a given year?

15. Determine if there is any insurance owned corporately or personally, and establish when it was purchased, why it was purchased, how much coverage there is and the type of coverage.

Note: Obtain the two most recent annual financial statements and documents listing other personal assets, as well as a trust document if a trust exists.



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