



Business Planning

“Last Will and Testament” of a Closely Held Business Owner Who Didn’t Plan Properly

This is not a real Will. It merely suggests what could happen if a business owner does not have a properly structured and funded succession plan for his or her company. All names referenced are fictitious and any similarity to any real party or business is merely coincidental.

I, John Smith, presently residing in the State of New York, and part owner of Acme Widget Company, being of sound mind and memory, do hereby declare the following:

1. I hereby leave my interest in my company to my family to be divided among them as they see fit even though my spouse or children have no experience in operating and running a widget company. I have the utmost confidence that after my death, everyone will get along with each other, and that Jack Jones, my partner who owns a portion of the company, will have no problems working with my spouse or children.
2. I hereby leave the responsibility of operating the company to my surviving partner, Jack, whom I am sure, will not mind working twice as hard and sharing all of the profits of the business with my family.
3. In the event my family wants to sell my company to Jack, I hereby leave it up to them to work it out with Jack as to the price and terms of the sale.
4. In the event such a sale takes place and the sales price is paid out over a period of time, I have the utmost confidence that Jack or his estate shall pay my family the terms of the sales contract even if Jack dies or becomes disabled.
5. In the event my family wants to sell my share of the business to an outside party, I hereby direct that they negotiate any terms they want without consulting Jack, and request, but do not demand, that Jack get along with any other new owner of the company.
6. If I have a buy-out agreement with my company or Jack that has not been recently updated, I direct that my family sell my interest in the company at whatever price the old agreement says, even though it won't reflect current fair market value.
7. In the event Jack or the company has no life insurance on my life, I really don't care if Jack or the business becomes insolvent and cannot afford to pay my family the buy-out price.
8. I hereby direct the IRS to ascertain the value of my interest for estate tax purposes. I am sure the IRS, as a division of the government, will consider the needs of my family when determining any estate tax attributed to my business holdings.
9. I direct that all lines of credit that my business has at the time of my death be paid off at my death because I think the interests of my lenders are more important than those of my family and my business partner.



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10. If I leave my business interest to my family and federal estate tax is due, I know my family will work twice as hard to pay the taxes due to the IRS and any state taxing authority.
11. If all or part of my business interest passes to my minor children upon my death, I direct my children's guardian or trustee to sell the business as quickly as possible, regardless of price, because I do not want to burden my children's guardian or trustee with the fiduciary responsibility of running a widget company.

IN WITNESS WHEREOF, I, John Smith, do hereby affirm this to be my wishes with respect to the business I spent my lifetime building.

/s/ John Smith

Please consult with your Guardian Financial Representative if you have any questions concerning this document.

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