
Succession and Estate Planning Questionnaire

Top 10 Questions to Help Assess the Effectiveness of your Succession and/or Estate Plan

An effective succession or estate plan is the only way to ensure that your wealth and business transition objectives are realized in a practical and tax efficient manner. The following questions were designed to help you gain an understanding of the breadth and potential effectiveness of your succession and/or estate plan.

1 What are your plans for retirement?

- When are you planning to retire? What does “retirement” look like to you?
- Are you talking openly about your retirement with family, employees, important business contacts, etc?
- What are your plans for the transition of the management of your business? Are you planning for a transition of management to family members?
- What are your plans with respect to transitioning the ownership of your business? Is a sale required to fund your retirement? Would this require a 3rd party sale or would a sale to family members be anticipated? Is there any thought to members of the management team purchasing the company?

2 What are your retirement cash needs and how will they be funded?

- Have you considered the cash that you and your spouse will require on an annual basis during your retirement?
- What sources of cash are available to provide for this funding? Is cash flow from the business sufficient to fund both your and the business needs? Will additional financing be required? If so, what are the options?
- Have you discussed these points with your family?

3 How will members of your family continue to be involved in the business following your retirement?

- If there are family members involved in the business and others who are not, how have the differing business priorities and risk tolerances of the two groups been addressed?
- How will compensation of family members who are involved in the business be determined?
- What criteria will be used to determine whether family members will be hired and/or promoted within the business?
- How are the relative cash flow requirements of the business vs. the family prioritized?
- How and when do you anticipate voting control of the business will transition within the family?

4 How has the succession of key management and leadership roles in the business been addressed?

- Have you chosen a successor(s) for your role? If so, is the successor a family member?
- Does the successor have the necessary training and experience to replace you? If not, does the succession plan determine how this skill development will be achieved?
- How will you transfer your knowledge and experience to the successor(s)?
- What will be your role in the management of the business (from both an operational and a governance perspective) both during and following the transition period?
- How will you protect your financial interest in the business while providing your successor with sufficient autonomy to run the business?
- Is there a risk that other key employees will leave upon your retirement? If so, is there a plan for replacing these skills?

5 Who will participate in the future growth in value of the business?

- Who will participate in the future growth in value of the business – children in the business vs. those who are not? And when?
- If share ownership by other family members is contemplated, how will protection be provided from marital, common law or creditor issues of those family members?
- How will funding be provided for buy out of family members? Over what period of time?
- Are there other families involved in the ownership of the business? If so, have you considered the implications of their ownership transition plans on your family?

6 Who will ultimately have voting control of the business?

- Who will ultimately own voting shares of the business – all of your children vs. only those children involved in the business?
- When will voting control transition to the next generation?
- Who will control/operate the business in the event of your incapacity?

7 How will the ongoing governance of the business be provided for following your retirement?

- What level of management and financial reporting will be required in order to ensure the business is being effectively managed in your absence?

- How will business issues that affect the family be communicated to family members who may have a financial interest in the business but are not involved in the day to day management of the business?
- What can be done to help ensure that your family values are preserved within the business?
- How will the differing objectives between family members, members of management and owners of the business be objectively dealt with?

8 How will potential conflicts among family members be resolved?

- Are important business and financial matters discussed openly within the family? How are these opportunities provided to family members?
- How successful has the family been in resolving controversial business issues that affect the family?
- How will significant business related decisions be made when you are not able to participate? How will these decisions be communicated to family members who have a financial interest in the business?

9 How does your vision for the future of the business mesh with the vision of your successor?

- Does your company have a strategic and operational business plan and, if so, when was it last revised?
- How involved was your successor in the development of this plan?
- How have your tolerances for risk from a business perspective (in terms of growth of the business, financial risks, new business ventures, etc.) been provided for relative to your successor's risk tolerances?
- Has continuity of the business been provided for in the event of your death or incapacity?

10 If you plan on selling your business, what steps can you take today to maximize the value of your business?

- Have you explored opportunities for enhancing the value of your business prior to a sale? For instance by taking steps such as simplifying the corporate structure, removing assets that you do not wish to sell, structuring ownership to take advantage of the \$750,000 Enhanced Capital Gains Election or taking steps to improve earnings well in advance of the sale, your after tax proceeds on sale could be increase dramatically?
- Have you considered the various ways of selling your business that can increase the after tax proceeds to your family, such as the sale of assets, shares, or a combination of the two?