The Good News in a Bad Economy
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Family Business Transition Planning will witness one of the best years in decades for transferring wealth from one generation to the next - without any estate or gift tax! Most of these strategies involve "freezing" the value of your corporate stock or other assets at the new low rates in a depressed economy.

But be cautious! Too many family business owners rush into decisions about estate planning for tax reasons without considering the intergenerational implications of the plan. Remember, only 30% of all family businesses succeed to stay in business as a family in the next generation. Too often estate planning for tax minimization purposes is successful, but at the cost of creating an untenable set of family issues to foster business success. Families fail to consider the "soft" side of these "hard" questions.

Based on our experience guiding intergenerational families through this process by facilitating a series of Family Council meetings, we recommend that you make sure your transition plan address critical "soft" side issues. For example:

- What form of governance will be required to make decisions if there are multiple shareholders?
- How will issues of fairness be addressed in the family?
- Will there be an exit strategy for family members who are shareholders but not employed in the business?
- How will you handle potential "sibling rivalry" issues as leadership transitions to the next generation?
- Are the successors competent to run the business? And if not, how will leadership be determined?

Families need to discuss these and many other critical questions that cover the broad range of topics involving family dynamics, family employment, business strategy and management succession that go beyond the more technical questions of estate planning strategies.

To read more about the soft side of transition planning go to our web-site - www.deanfowler.com - and select Articles or Resources from the left side bar.