

# Special Estate Planning Needs of Business Owners

**By Matthew Crider, JD  
Family Wealth Protection Attorney**

Most people hear the words “Estate Planning” and automatically think about wills, trusts, tax issues, and probate. The reality is that estate planning is about much more than just figuring out how to pass on your hard-earned assets. We’ve written a lot about the ways that estate planning benefits families. Today we’re going to talk about the broad principles of estate planning and focus on applying them to one particular segment of the population, business owners. The concepts are relevant to all estate planning, however, so keep reading even if you’re not a business owner right now.

## What is a Business?

In a very broad sense, a business is something that delivers value to customers in exchange for enough revenue to make operations worthwhile. People and businesses are very similar in that both spend their time acquiring assets.

Business entities are even more similar to people. A business entity has its own legal existence. That just means that business entities can enter contracts, buy and sell goods, sue and be sued, and do just about anything else that a person can do.

The similarities end, however, when the discussion turns to continuity. A business entity, unlike a person, can exist perpetually. Sure, businesses can be wound up and their existence terminated, but they *can* and often do outlive their founders. The result is that business entities themselves do not need to make or have estate plans. People do, because people cannot live perpetually.

## The Living Trust Solution

The irony, of course, is that businesses are owned by people. Without a plan in place for what will happen in the event of death, all assets owned by individuals, whether businesses, cash, stocks, or real estate, may become subject to the court system. In the case of assets like cash, being subjected to probate simply means that attorney fees will eat up a big part of the estate.

In the case of a business, the probate process can very well mean a total loss. That’s because probate takes a long time, and if there is no succession plan in place, then a business may not be able to operate lawfully and may have to be wound up.

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It goes without saying that if you own a profitable business, you want to pass it along to those who matter most in your life. A living trust is the perfect mechanism for people, business owners and non-business owners alike to pass on their assets without involving the court system, at a significant cost savings, and with a high degree of privacy.

In the case of business owners, there are some specific benefits to using a living trust:

The ability to pass ownership of your business without the need for court involvement, so that operations never skip a beat.

The ability to specify a succession plan in accordance with your business's governing documents (e.g. operation agreement or partnership agreement).

Tailoring living trusts is a big part of our legal practice. We are here to serve your needs and provide a customized solution to your estate and succession planning needs, so that you never have to worry about what will happen to your loved ones, your assets, or your business in a worst case scenario.

## **About Matthew Crider, J.D.**

Matthew Crider formed [Crider Law PC](http://www.criderlaw.net) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

