

Succession Planning for Business Owners

Insurance and Legal Considerations

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What Is Succession Planning?

Succession planning means preparing for a change in ownership or leadership due to death, disability, or retirement. It matters because disruption is inevitable.

Without a plan, there may be **family disputes** over control or ownership of the business, your **employees may leave**, or the business could be forced to **sell under pressure**.

- Legal & personal chaos
- Operational/income risk
- Financial loss of value

Without a plan = legal and financial risk

With a plan, your **family knows what's next**, your **employees stay focused**, and your **business holds its value**.

- Legal & emotional clarity
- Reduce turnover, panic, and encourage operational stability
- Mitigate the possibility of a fire-sale, reputation loss, and maintain financial continuity

With a plan = continuity, protection, and legacy

Scenario 1: Death

When a business owner passes away, three things decide whether the business survives:

01 Cash on Hand

Adequate cash reserves or life insurance provides immediate funds so a business can pay employees, bills, and fund the agreed-upon transition plan. This mitigates the possibility of a forced sale or business closure.

Different types of life insurance tools can help (Whole vs. Term Life Insurance).

02 Clear Legal Path

A carefully designed estate plan identifies who inherits the ownership of the business and avoids the costs, delays, and potential disputes of probate.

03 Leadership Handoff

A named successor steps in immediately, giving employees and clients confidence that the business will keep running without interruption.

Death planning is about making sure the right people have the **money**, legal **authority**, and **clarity** to keep your business alive.

Scenario 2: Retirement

When a business owner steps away after years of building the business, three things decide whether the transition goes smoothly:

01 Exit Strategy

A clear timeline and plan ensure the business reaches its target value and leadership change happens on your terms.

02 Buy/Sell Agreement

A legal agreement that outlines exactly how ownership will transfer between owners and how the business will be valued (or follows whichever process you've chosen).

03 Ownership Transfer/Gifting

Ownership or control can occur all at once or be gradually passed to family, co-owners, or key employees, so the transition feels steady and secure. This transfer of ownership can take the form of a sale or through gifting.

Retirement planning protects your **business value**, provides an **orderly transfer of ownership**, and preserves **important relationships**, ensuring a smooth leadership transition.

Scenario 3: Disability

When a business owner is unable to work due to illness or injury, three things decide whether the business can keep going:

01 Cash Reserves/Disability Insurance

Provides liquidity to cover business expenses so operations can continue until you return or a new plan is put in place.

02 Continuity

A designated person has the legal power to sign contracts, access accounts, and make operational calls.

03 Buy/Sell Agreement

If there is more than one owner, a buy/sell agreement may provide the option to purchase or sell the incapacitated owner's interest based on a predetermined valuation formula and terms.

Disability planning safeguards your **income, decision-making authority, and ownership of the business** during the unexpected.

Tools at a Glance

The right tools protect your business in every scenario.

Death

Buy/Sell Agreement

May provide option to purchase deceased owner's interest based on predetermined valuation and terms. Provides a predictable and transparent process that can address multiple scenarios for all owners.

Life Insurance

Provides liquidity for buyout or transition costs.

Estate Plan/Trust/Will

Defines successor ownership and avoids probate and disputes.

The best plans are layered, funded, and reviewed regularly so they stay effective when you need them most.

Retirement

Buy/Sell Agreement

May provide option to purchase retired owner's interest based on predetermined valuation and terms.

Sale/Gifting Strategy

Transfer of ownership on your own terms.

Exit Planning

Maximizes value before transition.

Disability

Buy/Sell Agreement

May provide option to purchase an incapacitated owner's interest based on predetermined valuation and terms.

Disability Insurance

Keeps income and expenses covered.

Delegation Plan

Names who can act in your place.

Who We Are

Ethan N. Aparicio

Financial Advisor

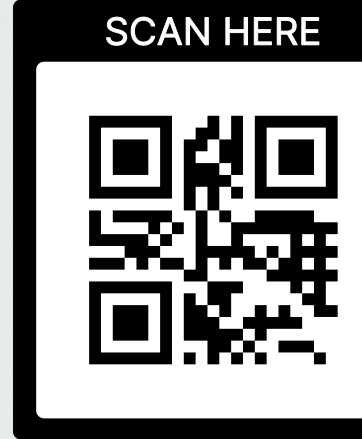


From humble beginnings in Mexico to 28+ years as a trusted Financial Advisor, Mr. Aparicio helps families, professionals, and business owners build, protect, and transfer wealth. A Lifetime Member of the Million Dollar Round Table, he offers bilingual service (English/Spanish) and a proven commitment to creating lasting financial security.

Planning Expertise:

- Comprehensive & Holistic Financial
- Business Owner's
- Retirement & Insurance
- Educational
- Wealth Accumulation & Distribution
- Estate & Special Needs

Who We Are



Jose A. Guerrero, Esq.

Co-founder of Guerrero Mears LLP

28 years experience



Mr. Guerrero graduated from UC Berkeley (with honors) and the UCLA School of Law. After beginning his career at national firms in Silicon Valley, he now proudly advises a wide range of agricultural businesses, including farm labor contractors, farm management companies, large growers, and multinational, vertically integrated agribusinesses. Mr. Guerrero is often called upon by industry CEOs for counsel regarding all facets of succession planning and legal strategy.

Planning Expertise:

- Forming appropriate legal entities to protect owners
- Buy/Sell Agreements
- Agricultural and Commercial Real Estate Transactions (sales, purchases, and leases)
- Asset protection and diversification planning
- Strategic Mergers & Acquisitions
- Estate Planning/Wills/Trusts
- Advanced estate and gift tax planning

Thank You

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