



BUSINESS SUCCESSION PLANNING

Toolkit

**"Every business has
a succession plan—
it's just a matter of
whether it's
intentional or
accidental."**



Table of **Contents**

- 1** Identifying Opportunities
- 2** Actionable Steps
- 3** Succession Planning Checklist
- 4** Succession Planning Fact Finder
- 6** Case Study
- 7** Start the Conversation
- 8** We Can Help





Identifying Opportunities

Business succession planning is often neglected until it's too late. As an advisor, your role is not only to offer solutions—but to identify the problem before it arises. Below is a structured, repeatable approach to uncovering opportunities and initiating succession conversations.

Red Flags That Indicate Planning is Needed

Be alert to these common signs during fact-finding or annual reviews:

- Client owns a business and is over age 50 with no written succession plan
- There is no clear successor (family, partner, or employee) in place
- Client has partners, but no buy-sell agreement or funding strategy
- Business makes up more than 50% of their net worth
- Family members are involved, and there's potential for conflict
- Owner expresses desire to sell, retire, or “slow down” in 3–10 years
- Estate tax exposure or debt obligations are tied to the business value
- Key employees are crucial to ongoing operations but are not insured or incentivized

Actionable Steps

1. Start With the Right Questions

Use your fact-finding process to go beyond financials. Ask:

- *"If something happened to you today, what happens to the business tomorrow?"*
- *"Have you ever had your business formally valued?"*
- *"Do you want to pass the business to family, sell it to a partner, or something else?"*

2. Conduct a Business Succession Review

Offer a complimentary review. Frame it as a risk-mitigation and continuity assessment, not a sales pitch. Use tools like:

- *Business Succession Planning Checklist*
- *Key Person Risk Evaluation*
- *Buy-Sell Agreement Diagnostic*

3. Collaborate With Other Professionals

Position yourself as part of a team. Reach out to:

- *The client's CPA and attorney*
- *A valuation professional (if needed)*
- *A business broker if exit/sale is being considered*

4. Use Life Insurance as a Bridge

Show how life insurance can:

- *Fund buy-sell agreements*
- *Provide estate liquidity*
- *Equalize inheritance for children not in the business*
- *Retain and reward key employees through executive bonus plans or split-dollar*

5. Create a Visual Succession Timeline

Help the client map out:

- *Retirement or exit age*
- *Ideal successors or buyers*
- *Milestones for transferring responsibilities*
- *Funding or liquidity events needed*



Succession Planning Checklist

This high-level checklist guides you in evaluating whether a business owner is a candidate for succession planning and how life insurance may play a role.

1

Business Structure & Ownership

- ☐ What type of business entity is it? (e.g., LLC, S-Corp, C-Corp, Partnership)
- ☐ Who are the owners and what are their ownership percentages?
- ☐ Are there any family members involved in the business?
- ☐ Are there any non-family partners or key employees?

2

Succession Plan Status

- ☐ Is there a written and funded succession plan?
- ☐ Has a buy-sell agreement been established?
- ☐ Has the plan been reviewed within the last 3 years?
- ☐ Are successors identified and trained?
- ☐ Are contingency plans in place for premature death, disability, or retirement?

3

Valuation & Funding

- ☐ Has the business been professionally valued?
- ☐ Is the valuation updated regularly?
- ☐ Is there life insurance in place to fund a buy-sell agreement?
- ☐ Is disability insurance in place for key people or buy-out purposes?

4

Estate & Tax Planning

- ☐ Will estate taxes affect the business?
- ☐ Is life insurance in place to provide liquidity for taxes or debt?
- ☐ Is an ILIT (Irrevocable Life Insurance Trust) considered or in place?
- ☐ Are gifting strategies or family limited partnerships in use?

5

Key Person Planning

- ☐ Are there individuals whose loss would severely impact operations?
- ☐ Is there key person insurance in place?
- ☐ Is there a strategy to retain and reward key employees?

6

Retirement & Exit Strategy

- ☐ Does the owner plan to retire, sell, or transfer the business?
- ☐ Is there a timeline for exit?
- ☐ Has the financial impact of the exit been calculated?
- ☐ Are there income-replacement strategies for the owner post-sale?



Succession Planning Fact Finder



This is a deeper dive tool used during fact-finding meetings to gather the necessary information for analysis and planning.

A. Business Overview

Name of Business:

Business Type:

Years in Operation:

Number of Employees:

Annual Revenue:

Estimated Business Value:

CPA and Attorney Contact Info:

B. Ownership Details

Owner Name	Ownership %	Role in Business	Family Member (Y/N)	Successor?
------------	-------------	------------------	---------------------	------------

C. Buy-Sell Agreement Details

Type of Agreement: ☐ Cross-Purchase ☐ Entity Purchase ☐ Wait-and-See

Date of Last Review:

Is Agreement Funded? ☐ Yes ☐ No

Funding Mechanism: ☐ Life Insurance ☐ Cash Flow ☐ Loan ☐ Other



D. Inforce Insurance Policies

Policy Type	Insured	Owner	Beneficiary	Face Amount	Purpose
-------------	---------	-------	-------------	-------------	---------

E. Successor Readiness

Who is the intended successor(s)?

What is their experience level?

Is there a training plan?

Have they expressed interest in ownership?

F. Retirement & Exit Goals

Target Retirement Age:

Desired Income in Retirement:

Will the business be sold, transferred, or shut down?

Interested Buyers Identified?

Timeline for Transition:

Case Study

Coverage Worth the Cost

The Challenge

We had an advisor come to us with two business partners looking for Buy-Sell coverage. However, one of the partners was in excellent health, while the other one had several health issues and was initially declined for coverage.

The Opportunity

The clients were looking for \$1.5 million in coverage, and we were able to use the original application information to shop the second partner with our carriers and got him approved for coverage at Table D.

The Solution

Initially, the healthy partner was not going to accept the rated policy on his partner but decided to pay a semi-annual premium. After discussions with their advisor, and TBA, it was determined that the second partner would work on his health in the hopes it would improve and we could get a reduced rating in 6 months.

Results

The coverage was put in force, but unfortunately in just a few months later the client died of a massive heart attack at his desk. Since it was within the 2 year contestability period, the insurance company did their due diligence and ended up paying the claim within 30 days. The surviving partner was glad he'd listened to his advisor and paid for the rated policy.





How to **Start the Conversation**

Outreach Call Script

Hi [Client],

As your advisor, I want to make sure your business—and your family—are protected no matter what happens. One area we haven't explored deeply is your business succession plan.

I'd love to schedule 30 minutes for a complimentary Succession Risk Review. We'll take a look at ownership, continuity, and any potential gaps in protection. There's no obligation—just good planning.

Let me know what your calendar looks like this week or next.





We Can Help



Our Contact:



865-588-9555



www.TBA.com



info@tba.com



6508 Baum Drive
Knoxville, TN 37938