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The Family Business and Estate Planning: Practical and Emotional Considerations

It has been said that there are two certainties in life: death and taxes. Estate planning combines both of these issues, making it a sensitive exercise to undertake. The difficulties arise from both practical considerations and emotional issues. Addressing both is critical for the continued success of any family business.

Practical considerations.

Complicated process: Estate planning is often viewed as confusing and complicated. The process can seem overwhelming.

Where do we begin? How will we know whether we are making the right decisions? Who should lead the process—lawyers, CPAs, financial planners? Questions like these can easily become excuses for putting off the process indefinitely, often until a crisis makes it critical and time sensitive.

Time-consuming process: Gathering all of the necessary documents for estate planning can be daunting, and many people do not have all of their records organized in a central location. The task of finding the financial information, current insurance documents, wills and such is not an exciting endeavor.

Emotional issues.

Relationship issues: Estate plans deal with family members and the impact of the planner's death on each of them. If relationships have been strained, unpleasant memories may surface.

The planner may need to decide whether repairing the relationship is the best course of action. That decision can be very emotional.

Facing mortality: While people know that death is a given, it is not something that many people want to consider. Having to discuss the distribution of assets after someone passes away, can be difficult.

Accepting their choice: The estate planning process involves a detailed accounting of all of one's assets and liabilities. For some, the accounting may not add up to the level they had hoped for themselves and their families. Feelings of failure are commonplace. Even people who have done well may second-guess decisions they made that could have turned out better.

Dealing with blended families: Many families in the U.S. are a combination of several families, because of such things as divorce or the death of a prior spouse. Determining how to share assets among everyone can create heated emotions. Choices made in this regard may adversely affect ongoing relationships.

All of these issues can make the estate planning process difficult. However, it's important for people to consider the greater financial burden that will occur if a plan is not established. As challenging as the practical and emotional issues of estate planning may be, it is the responsible thing to do for those left behind.

Davis & Hodgdon Associates offers estate planning services geared specifically to the family-owned business. We understand all of the unique considerations and have years of experience collaborating with family businesses to develop the best estate plans for their situation. It's not a question of if you need estate planning—it's how much planning your estate needs. For more information call 802-878-1963.



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