

*Law Office of*  
**Sativa Boatman-Sloan, LLC**  
 417 ELDER LAW • 417 BUSINESS LAW

# NEWSLETTER



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## WHY IS A BUSINESS SUCCESSION PLAN IMPORTANT?

Every business owner knows that building a business takes dedication, commitment, hard work, sacrifice, sweat equity, and yes, a little luck.

There is nothing quite like the sense of pride and accomplishment that comes from owning a successful business, whether it is a partnership or family owned. To maintain the fruits of your labor, you should make the time to establish a plan to ensure the continued success of your business.

A succession plan addresses potential contingencies. The most common “what-ifs” are addressed, such as the death, disability, or retirement of an owner or key executive, or the eventual sale of an owner’s equity interest.

In any partnership, whether the business is a Limited Liability Company, Limited Partnership, General Partnership, or Corporation, the succession plan usually includes a buy-sell agreement. This is a legally binding and comprehensive document that considers all legal related issues with directives in place to execute the pre-determined strategy.

A family owned business presents additional challenges. The historical success rate for transition of family owned businesses has been quite low. This is in part due to the unique “people” problems that can occur, as changes in management evoke emotions when they involve family members. Transitioning a family business to the next generation should not be a “rite of passage”. Making tough decisions is critical to achieving the goal of long-term sustainability. Objectivity is fundamental.



Protecting your financial investment in the business from loss due to disability or death is paramount. Consider purchasing “key man” insurance that protects the business in case of the death or disability of a key employee. It can provide funds to the business at a crucial time and allow the company to recruit and train a capable replacement without financial cash flow hardship.

To create an optimal succession plan, it will be necessary to bring together a team of professionals that includes a business attorney, a tax attorney or CPA, a life and disability insurance broker, and a business appraiser. Because business owners tend to invest their personal assets, an estate planning attorney should also be consulted.

The Law Office of Sativa Boatman-Sloan, LLC is here to assist you in developing the business succession plan that will provide for the continued success of your company, regardless of future events.

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The choice of a lawyer is an important decision and should not be based solely upon advertisements.

# HOW TO PLAN FOR DIMINISHING CAPACITY

Estate planning conversations shouldn't focus solely on what will happen to your assets after death, but also on what may happen if you experience diminishing mental capacity during your lifetime as a result of an accident, disease, medication, or dementia. It can happen at any age.

A General Durable Power of Attorney (POA) focuses primarily on appointing someone to ensure efficient management of your financial and legal affairs. You may give the named agent(s) the authority to make decisions immediately or to only be capable of making those decisions once one or two doctors state in writing that you are no longer able to make those decisions for yourself.

Consideration must also be given to how healthcare decisions are made in the event of diminishing capacity. A Power of Attorney for Health Care allows you to delegate to another person the ability to make healthcare decisions in the event that you are unable to make them. The modernized advance



healthcare directive language should also be included in the health care POA, which allows an individual to state his/her wishes prior to incapacity, including preferences for end-of-life care.

Having all the right documents signed does not take the place of having a conversation with your family regarding your philosophy regarding quality and extension of life, dignity, cost factors and your values that have led you to your decisions. If you have not had this difficult but important conversation, plan to have it soon. The risk of diminished capacity increases over time.

The Law Office of Sativa Boatman-Sloan, LLC is here to help you make sure the right documents are in place.

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## DOES YOUR BUSINESS PLAN INCLUDE “PEOPLE STRATEGY?”



Any owner of a profitable business knows that their success is largely dependent upon key employees who not only have the skills to get the job done, but who also share in the vision of your company. Building a team takes more thought and effort than dissecting resumes and checking references.

Candidates come with particular skill sets, work ethics, personalities and values based on their collective life experiences. Resources of money and time, which can't be recovered, are expended with on-boarding and training, and it's certainly a personal disappointment when it's discovered that your hire isn't a match.

Great news! There are tools available that can help predict a candidate's performance and whether they'll mesh with your team.

Personality assessments such as the Briggs-Meyer test have been around for some time. However, there are other well-designed tools, such as Kolbe, StrengthFinders and Predictive Index Assessments that can help in your selection of the right new hire.

Assessments are quantifiable and more objective than other recruiting methods, such as unstructured interviews. There is a vast selection of recruiting assessment tools which offer problem solving instincts, cognitive ability and personality tests. Also, there are those that specialize in a particular skill.

Look for assessments that will meet your needs, whether you are looking for traits that will contribute to building a cohesive and effective team or a required ability to perform certain tasks. Make sure the assessment you use will not be discriminatory.

Using a pre-employment assessment test to hire the best candidates is good practice. Along with other recruiting practices, it can help you select a good match for your team.



# ARE YOU LEAVING MONEY ON THE TABLE?

**T**he IRS has specific guidelines allowing commercial real estate owners to reduce their tax liability, that includes Small Taxpayers. Yet many business owners and their CPAs aren't even aware of these specific tax saving codes.

Engineering-based Cost Segregation reclassifies assets to maximize personal property and optimize depreciation deductions. The results are substantial cash flow benefits.

## What does this mean to you?

When a property is purchased, you typically expect it to be depreciated out over 27 ½ or 39 years. But your property not only includes the building structure, but also all its interior and exterior components, as well as renovations.

A portion of those components fall into tax categories that can be written off much quicker than the building structure. An Engineering-based Cost Segregation study will segregate the construction cost or purchase price of your owned or leased property and identify all property-related costs that can be depreciated at a much faster rate, typically 5, 7, and 15 years and result in lower taxes paid.

Correct allocation of real estate depreciation through Engineering-Based Cost Segregation is essential for commercial property investors to effectively manage

their tax liability. Renovations benefit from the new 'Repair Regulations Economic Analysis' to determine any tax advantages that can be taken with a 'Capital to Expense Reversal'. Removed building components, Partial Asset Disposition (PAD), are an integrate part of the repair regulation study.

As an entrepreneur, you understand the power of having cash in your hands today. The benefits of Engineering-based Cost Segregation are exponential and may enable to catch up on missed accelerated depreciations from past years into the current tax year. Such unexpected cash-flow could allow for new growth of your investment portfolio.

Specialized professionals are available to help you complete your Engineering-based Cost Segregation Study, assure you comply with US Tax Code Rules and Regulations and work with your CPA to maximize your tax benefits. For more information and a No-cost Predictive Analysis, contact Wolf Crest, LLC.

It's your money – Keep more of it.

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## MEDICARE PROGRAM IS 54 YEARS OLD

On July 30, 1965 President Lyndon B. Johnson created Medicare by signing H.R. 6675 into law in Independence, Missouri.

Former President Truman was issued the very first Medicare card during the ceremony.

## DON'T STEP ON A BEE DAY

July 10th was National Don't Step on a Bee Day. The day was created to remind people that going barefoot can mean getting stung by a bee. However, this day is also a reminder that bees provide the necessary elements for most of the foods we see in the produce section through pollination. Their numbers are dwindling. In some places the numbers have dropped by more than 50%.

Buying your honey locally is a great way to support local businesses who are dedicated to the general welfare of the honey bee. The Beekeepers Association of the Ozarks was organized in 1974 and has over 200 members that cover Greene and the surrounding counties.



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5.8 million Americans are  
living with Alzheimer's.

alz.org



**2019 WALK  
TO END  
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Saturday, September 21  
Jordan Valley Park  
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Find your walk at [www.act.alz.org](http://www.act.alz.org)