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e-Zine

Estate Planning for your
LLC & Blended Family

Your Family & Business Deserve a Plan

Failing to Plan is Planning to Fail

We have heard it many times before: "If you fail to plan, you plan to fail." This quote has been attributed to greats like Benjamin Franklin and others.

These are not just empty words. The horror stories of estates gone wrong are myriad. Just look at Prince's estate.

Likewise, there are many well-meaning people who verbally tell their loved ones their wishes in the hope that it will be enough. Like I often say to my clients: "There is safety in following the rules." When a plan is written in a legally enforceable way, you are protected. If it is not, there is no estate plan—only a hope.

Your Single-Member LLC Deserves a Plan

If you are like most people, the dream of owning your own business has crossed your mind.

For those who put in the effort and assume the risk, the rewards can be very satisfying. I am often astonished to find that many business owners, who invest their blood, sweat, and tears in their dream, fail to plan.

If you own your own business, as an individual, with a spouse, or others, think for a moment: What would happen to my business, my employees, and my customers, if I was gone right now?

If the answer is not in writing—you don't have a viable plan.

The laws that govern your LLC will trigger. This can mean that if you pass away or become incapacitated, no one may be able to pick up the

business and carry on. This means that, depending on the circumstances, statutory dissolution of your business may begin.

However, even if the statutory dissolution procedures were not triggered, your personal representative or power of attorney may not be the best person to run your business. They may not even want to.

Don't add to the burden on your family by assuming they will take care of everything just fine. Give them a map, make it easy for them in what will already be a difficult time.

Estate Planning for the Blended Family

Estate planning tools are necessary for every family, no matter the amount of assets owned.

Remember, estate planning isn't just about who gets what when we are gone. It's about setting expectations, reducing conflict, and even how you would like to be treated in a nursing facility.

Estate planning has its own unique challenges in a blended family. A blended family is a family that will usually consist of re-married couples, step-parents, step-children and biological children.

We have all heard that about half of marriages end in divorce. It's not a pleasant thing to think about, but if it has or does happen to you, your estate plan should be updated.

Likewise, when two families merge, some unique estate planning issues arise. These issues usually revolve around biological children and step children, whether adopted or not.

If an estate plan in a blended family is not done properly, a parent may inadvertently exclude his or her children from inheriting anything at all.

For example:

- Husband has a Son from a previous marriage;
- Wife has a daughter from a previous marriage;
- Husband and Wife have blended their families together by marrying one another;
- Husband and Wife leave everything to each other in their Wills;



- However, in Husband's Will, Husband leaves everything to his Son, if Wife dies first;
- Likewise, Wife leaves everything to her Daughter, if Husband dies first.
- The result is that the child of the first parent to die, receives nothing.

This scenario gets played out again and again. (Especially using online estate planning tools).

With proper planning and contingencies, the couple's real desire, which is usually to give equal parts to each child, can be accomplished.

The scenario is further complicated when Husband and Wife have a subsequent joint-child.

There is no substitute for talking to an attorney about your particular estate planning goals and needs.

What Estate Planning Tools Should my LLC & Blended Family Consider?

A tailored estate plan or business succession plan will be as unique as the people and businesses involved.

However, some of the more common estate planning tools that every LLC and Blended Family might consider include:

1. A Will;
2. A Revocable Trust;
3. A Power of Attorney;
4. Health Care Directive;
5. Funeral Directive;
6. Transfer on Death designations for accounts and business interests; and
7. Insurance Policies

To find out what makes sense for your particular situation, we encourage you to give our office a call. There may be several options and strategies that you can take advantage of that help preserve the assets you spent a lifetime growing.

CONTACT US

To learn more about your estate planning options, call our office at 651-237-1010 or visit us online.

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