

CASE STUDY

A stockholder's sudden death raises several business and family issues

OVERVIEW

When the majority stockholder of a small, inherited family business died suddenly in his 50's, our client was faced with several difficult issues. We had prepared the man's estate plan as well as his parents' plans, so we knew the business and the family well and recognized the different interests of all of the parties.

One of our priorities was to keep this manufacturing business running while we were dealing with distribution of the estate to the non-working widow, the children and the siblings, who were stockholders but not involved in running the business. We also knew that the plan called for positioning the second-generation, Massachusetts-based business for sale.

We worked closely with the client's accountant to put a strategy in place featuring key employees, with incentives for the employees to stay on. The business sold quickly, and the proceeds went to the estate. Trusts were created for the widow and children along with individual life insurance, and resources for the family were maximized.