



Business owners who are husband and wife have unique needs and the best planning opportunities

February 25, 2008 - Upstate New York

In the United States, over 52% of all workers are employed by small businesses. Almost 20 million workers are employed by companies with less than 20 employees and another 20 million are employed by companies who employ between 20 and 99 workers.

Women-owned businesses account for more than 35% of all businesses. However, with all these statistics an immeasurable fact is that millions of companies are jointly owned or operated by a husband and wife.

Owners of small to medium size business recognize that the issues of income protection, wealth accumulation, health care, estate planning and business continuity planning are all key issues.

However, when both spouses are active in the business, properly addressing these issues becomes even more important since the entire family depends on the income that the business produces as well as the benefits and protection it can provide.

Because of the unique nature presented when both spouses are dependent on the success of the company, sound planning becomes critically important.

Risks and Rewards

Owning a business is, in its own right, a risky endeavor. However, it is often because of the very nature of ownership risk that the closely held business can be the best investment a person/couple owns.

No one knows better than business owners the cycles of the company, costs, overhead expenses, growth and sales. Owners know when the business has potential and opportunity and with the right planning can have the confidence to take the business to another level.

Successful business owners recognize their company is their best investment and presents the greatest opportunity but are still subject to unknown risks. For this reason owners recognize they need to be accumulating wealth assets beyond the value of their company. Wealth that is safe with predictable growth, is tax protected, sheltered from market risks and protected from creditors both from the business as well as personal.

Ideally a couple in businesses will grow the business together and reach their shared goals. As their success is secured, hopefully they will realize more time freedom together as they age and continue to be rewarded for the years committed to creating and building their company.

Things Don't Always

Go As Planned

Because in life there is not a guarantee that we will always remain healthy, age gracefully or live to a hundred, it is wise to apply planning tools and techniques so as to be prepared no matter what the future delivers.

When the unexpected happens it can leave a devastating trail. A disability experienced by one of

the owners can not only remove half the income from a household while adding additional medical expenses to the family budget, but can significantly reduce production and the ability to keep up with the day to day management of the business. This unfortunate event is compounded when the family suffers right along with the company because of the stress of coping financially.

Even more devastating is the premature death of one of the owners. The burden on the company can be very great. However, the loss to the family is a tragedy and can affect future generations. Looking at unplanned events, often the last issue protected is a long term healthy need of one of the spouses. This can force a company to close the doors because often the health spouse is forced to be a caregiver to the housebound or physically incapacity spouse.

Seize Your

Planning Opportunities

Fortunately, as a business owner you can utilize, to your advantage, the many tax favorable tools to meet your current as well as future needs. From accumulating assets for an enjoyable retirement or vacation home to protecting your wealth and family income the opportunities are in your favor. Refer to the chart for a partial list of the benefits that properly designed selective business benefits can address.

Dwight Moldenhauer, CLU, ChFC, is the owner of Moldenhauer Advisory Services, Buffalo, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540