



THE LEGACY PLANNERS P.C.

PERSONAL FAMILY LAWYER®

Your trusted family advisor.

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Why Business Owners Need More Than an Easy or Discount Estate Plan

Picture this: you've just set up your estate plan using a quick and easy online DIY form or a budget-friendly legal service. Or, maybe your financial advisor drafted it for you for a nominal fee while creating your financial plan. These options promise ease and convenience and at a fraction of the cost of hiring a legal professional. The website assured you that in just 30 minutes, you could secure your family's future. You click "submit," pay the fee, or receive the documents from your financial adviser, and breathe a sigh of relief, thinking your affairs are now in order.

But if you're a business owner, this might not be the all-encompassing solution it claims to be. If you didn't work with a legal professional who's looking out for your interests, you likely missed something crucial—the connection between your personal estate plan and your business documentation. For business owners, an effective estate plan must include updating or creating key business documents. These elements ensure your business can smoothly transition in alignment with your estate planning goals - and that your loved ones won't end up in court and conflict.

Why Easy or Discount Estate Planning Falls Short for Business Owners

Estate planning is like crafting a legacy cookbook. Using an easy and cheap one-size-fits-all recipe might suit basic personal matters, but when a business is involved, customization becomes essential. Think about it: your business isn't just another asset—it's a living entity with its own legal structure, operational procedures, and relationships. It requires special handling in your estate plan.

Many business owners don't realize (and no one tells them) that their personal estate documents and business governance documents need to work in harmony. You may have created a will or trust that you're happy with, but if your operating agreement contradicts these arrangements, your carefully laid plans could unravel at the worst possible moment. Often when it's too late to do anything.

For instance, it often happens that an LLC's operating agreement contains succession provisions that conflict with trust documents. When the operating agreement and trust aren't properly coordinated, beneficiaries may face unnecessary legal battles after the business owner's passing. So business owners must ensure their estate documents integrate with their specific business structures. However, this integration does not happen automatically—it requires a deliberate alignment of both sets of documents.



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The Critical Business Documents That Need Updating

When crafting your estate plan as a business owner, several key business documents require your attention:

Operating Agreements (for LLCs): These documents govern how your LLC functions and what happens when an owner dies or becomes incapacitated. They need specific provisions allowing for:

- Transfer of your membership interest to your trust
- Clear succession protocols following your death
- Mechanisms for business continuity during transition periods
- Buy-sell provisions that work alongside your estate plan

Corporate Bylaws (for Corporations): Similar to operating agreements, bylaws need provisions that align with your estate planning goals, including:

- Stock transfer procedures that accommodate your estate plan
- Management succession provisions
- Emergency leadership protocols

Failing to update these vital business documents can lead to unintended consequences. Your business's place in your estate plan isn't just another ingredient—it's the main course. When these documents aren't aligned, the results can be costly and heartbreaking for the people you love most - and put your business in peril.

Real-World Consequences of Misalignment

Let's consider a hypothetical example that illustrates the real-world consequences that can unfold when your business isn't properly coordinated with your estate plan.

Michael was the owner of a small manufacturing company who had a comprehensive personal estate plan but never updated his corporate bylaws after creating his plan. His estate plan directed his business interests into a trust for his children, with his brother serving as trustee until they became adults.

After Michael's unexpected passing, his brother attempted to step in and manage the company as trustee. However, the corporate bylaws had no provisions recognizing trustee management. Instead, they contained outdated language giving decision-making authority to the original co-founder, who had left the business years earlier. The resulting legal confusion cost Michael's family over \$100,000 in legal fees and nearly bankrupted the business before the situation was resolved. Between the legal fees and the loss of a significant amount of business assets, Michael's children inherited very little.



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This scenario plays out more often than you might think. When personal estate plans and business governance documents aren't synchronized, the consequences can include:

- Protracted legal battles among heirs and business partners
- Business operations grinding to a halt during critical transition periods
- Tax complications that could have been avoided
- Forced liquidation of business assets at unfavorable valuations
- Irreparable damage to family relationships

None of this has to happen, however, if you work with me to create a comprehensive estate plan - called a Life & Legacy Plan.

How to Create a Seamless Transition Plan

My Life & Legacy Planning® model supports you to update your operating agreement or bylaws to ensure that your interests can be effectively transferred to a trust, preserving the business's integrity and providing clear guidelines for successors. Here's how I can help:

If you have already created an estate plan, I'll conduct a thorough review of both your estate plan and your business governance documents. I'll look for inconsistencies or gaps, particularly around what happens to your business interest upon your death or incapacity.

Next, I will ensure that your operating agreement or bylaws explicitly permit transfers to your trust or other estate planning tools. This seemingly small detail can make all the difference in whether your wishes are smoothly implemented. If you don't have an operating agreement or bylaws, I can help you create them.

And then, I'll help you create clear succession protocols in your business documents that mirror the succession plans in your Life & Legacy Plan. Who will lead the company? How will decisions be made? What powers will your trustee have regarding business operations? We'll address all this and more.

In addition, it may make sense to implement a buy-sell agreement that coordinates with your Life & Legacy Plan. A buy-sell agreement can provide liquidity to your estate while ensuring business continuity for remaining partners or loved ones who want to continue the enterprise. After discussing your goals and desires for your business after you're gone, I'll counsel you on whether a buy-sell agreement is a suitable option.

Finally - and I can't stress this enough - it's crucial to know that this alignment isn't a one-time event. As your business evolves and your estate planning needs change, both sets of documents should be regularly reviewed and updated to maintain their harmony. This is so important if you want your Life & Legacy Plan to work when you and your loved



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ones need it to, and that's why when you work with me, I have systems in place to ensure your plan and business documents are reviewed on an ongoing basis.

How I Help You Protect Everything and Everyone You Love

To safeguard both your personal and professional legacy, don't settle for convenient or cheap solutions. Your business represents years of hard work, dedication, and vision—it deserves the same careful planning. When your business documents and Life & Legacy Plan work in concert, you create a seamless roadmap for your successors, minimizing conflict and maximizing the chances your business will continue to thrive.

The investment in proper planning now can save your loved ones and your business tremendous stress, expense, and heartache later. As a business owner, you want to save money and see a return on your investment. A Life & Legacy Plan is how to do that when you're planning for the future.

Take the first step towards peace of mind for you, your loved ones, and for the business that you built. Click here to schedule a complimentary 15-minute consultation and learn how I can help you create your personalized Life & Legacy Plan now:

<https://calendly.com/lauren-tlppc>

This article is a service of The Legacy Planners P.C., a Personal Family Lawyer® Firm. We don't just draft documents; we ensure you make informed and empowered decisions about life and death, for yourself and the people you love. That's why we offer a Life & Legacy Planning® Session, during which you will get more financially organized than you've ever been before and make all the best choices for the people you love. You can begin by calling our office today to schedule a Life & Legacy Planning Session.

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