



Institut für Wirtschaftsberatung
Niggemann & Partner GmbH

Thoughts
on
Succession Issues

**Thesis 1:**

Succession concept for company and private assets as well as succession and/or representation arrangements at shareholder and management level, including powers of attorney for precautionary measures, is necessary to ensure the ability to act at any time ("emergency plan") - also for young entrepreneurs; review every 3 - 5 years.

Thesis 2:

Plan operational changes up to the time of the planned retirement of the seniors, involving the second management level.

Thesis 3:

Check the ability of family members to take over the business and the sustainable competitiveness of the business on national and international markets.

Thesis 4:

Plan retirement provision for the senior family - build up private assets through profit distributions or through participation in the value of the company (e.g. usufruct agreement, life annuity or sale of the company). Define future role/influence of seniors.

Thesis 5:

Establish a fair distribution in the context of asset succession by defining the method or by testamentary division order (with execution of the will), if necessary order the sale of the business by testamentary provision.

**Thesis 6:**

Avoid disputes within the family on issues of business management, e.g. by drafting a family constitution (also as an addition to the family company's articles of association) and/or appointing a succession advisory board.

Thesis 7:

Coordinate wills, marriage contracts and partnership agreements to avoid legal uncertainties and disputes.

Thesis 8:

Order execution of the will in the case of minor or disabled heirs, larger assets that are difficult to divide or whose value fluctuates greatly, and generally to safeguard the testator's will; make provisions in the event that intended heirs and, if applicable, executors predecease the testator or become legally incapacitated.

Thesis 9:

Develop a concept to avoid or reduce liquid claims of beneficiaries of compulsory heirs or spouses (compulsory share, equalisation of marital gains, alimony claims) as well as for inheritance taxes; consider financial effects on the company.



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