



### EXPERT BANKING ADVICE FOR YOUR SMALL BUSINESS

# It's Never Too Soon for a Succession Plan

**By Bob DeAlmeida**  
*President / CEO, Hamilton Bank*

Whether business owners are just getting started or are heading closer to retirement, many haven't given much thought to a succession plan. Maybe it's because they're too busy growing their business to plan for the future and they think the sale of their business will come easy. Or, perhaps they just don't like to think about retiring. Most often though, the business owner believes a family member or trusted employee will want to take over the running of the business in the event of illness, disability or death.

Often times, the first thought or discussion of a succession plan will come up when applying for a business loan. Here's why:

- *Businesses in the United States are typically in the service industry, and therefore, the business owner IS the business. It is only natural that a succession plan would be desired so that your business may continue to function in any situation.*
- *When a bank provides your business with a substantial loan, it needs assurance that it will be repaid under any possible circumstance.*

If there is no clear succession plan in place, a bank's underwriters will typically require the business owner to acquire life insurance in the amount of the loan where the bank receives assignment of the proceeds should the business owner pass.

Ask your banker to offer recommendations for lawyers, accountants and business planners who specialize in succession planning. They can be sure you, your loved ones and your employees are covered legally and financially.

Your banker can help in other ways, too. Talk to your banker to see if you are doing everything possible to get your accounts in order. Are

there accounts that can be consolidated or accounts that should be separate but aren't? Are there banking services that can help keep your accounting in order (like online banking, remote deposit capture, payroll services and merchant services)? How can you structure your loans or speed their payoff to appeal to potential buyers? Can you add an heir, spouse or business partner to your accounts to smooth a potential transition?

There's a lot to consider, and it can be overwhelming. Take it one step at a time, and begin by talking to your banker today.

#### ABOUT BOB DEALMEIDA



Bob DeAlmeida is president and CEO of Hamilton Bank, which operates five Maryland locations and meets the complete banking needs of small businesses, retailers, consumers, and homeowners across Greater Baltimore.

#### MORE INFORMATION

Connect with a small business banker at Hamilton Bank.

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