

Sustaining Your Business: Legal And Financial Issues

Before you are deployed, it is important that you have worked with your legal and financial advisors to ensure that your business is financially stable enough to be sustained while you are gone and to ensure that you are legally protected while others are running your business. The SBA, IRS, and JAG are all valuable legal and financial resources you can turn to for online assistance and information.

If you choose to sustain your business, it is critical that your business is protected legally while you are deployed. Following is a list of legal issues you will need to discuss with an attorney as you build and implement your deployment plan:

- ◆ Identify the responsibilities and capacities of your legal advisors during your absence. For example, will your attorney handle all unfinished business and problems that arise after your business closes, or will you retain an employee to handle claims and other issues?
- ◆ Appoint someone you completely trust to serve as your power of attorney should it become necessary. There are different kinds of powers of attorney: a special or limited power of attorney has a very specific purpose; a general power of attorney has a much broader definition and can act on your behalf in various situations. You may consider naming the person running your business in your absence as your power of attorney because he or she will need to make business decisions on your behalf. Regardless of who you choose, don't actually sign over the power of attorney until it becomes absolutely necessary.
- ◆ Make arrangements in the event of your death or disability. This will include drawing up a possible succession plan for your business, but also ensuring that your life insurance policy is adequate. You should also consider taking out disability insurance in case of a disability that prevents you from returning to your business.
- ◆ Make sure your business is covered by adequate liability insurance as well to protect it from lawsuits and other issues that may arise while you are deployed.

It is important that you update and analyze your business cash flow statements as you build your deployment plan. You will need to determine what the monthly costs of doing business are and the minimum revenue you will need to bring in monthly to keep your business afloat. In addition, you will want to meet with your accountant or other financial advisor to make sure your taxes will be taken care of in addition to all other financial needs. Following is a list of financial issues you will need to discuss as you build and implement your deployment plan:

- ◆ Prepare financial statements and prepare paperwork for your accountant so he/she can prepare your income taxes. If your business continues to operate during your deployment, the IRS does not allow any extensions or relief from filing your income taxes.
- ◆ Notify creditors of departure and request reduced interest rates in applicable. Pursuant to the Servicemembers Civil Relief Act, you may be eligible to receive a cap of six percent interest on debt acquired before being called to active duty if it can be shown that military service has materially affected your ability to pay back your debt. Find out more about the SCRA at http://www.uscg.mil/legal/la/Legal_Assistance_SCRA.asp.

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- ◆ Secure credit line or provide cash reserve to the person who will be running your business while you are gone. This will help protect them if any unforeseen circumstances arise that are not covered by insurance and are beyond the limit of the business' cash on hand.
- ◆ Speak with your lenders if you have any outstanding business loans to see if they will allow you to defer payments or get a reduction in the interest rate.

Your legal and financial advisors will be a tremendous asset in building your deployment plan.