

INSURANCE OPTIONS FOR BUSINESS CONTINUATION

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Management and Planning Series

Insurance Options for Business Continuation
replaces *Business Continuation Planning*

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INTRODUCTION

This publication provides an overview of business owners' life insurance needs that typically are not considered until after the death of one of the business' principal owners or shareholders. It offers specific alternatives for consideration when planning the future of, a business.*

The small business owner usually depends on a business as a major source of family income, a personal investment vehicle and the major portion of the owner's estate. Generally, many of the assets of the sole proprietor, partner or close corporation stockholder are tied up in the business; if the sole proprietor dies and the business fails, financial hardships may follow unless certain steps are

taken.

Life insurance policies can help employees and family members cushion the financial impact of the death or retirement of a principal of a sole proprietorship, partnership or closely held corporation. Offering such policies can also help attract and retain valuable employees.

The personal insurance needs of the business owner are closely related to his/her business interest. The business can provide a portion of the cash needed by surviving heirs and the estate of a deceased owner, as well as a means of paying retirement income and insurance premiums during the owner's lifetime.

* As with any transaction involving legal or tax considerations, no irrevocable steps should be taken without legal, tax and insurance counsel.

OPTIONS AFTER THE DEATH OF A SOLE PROPRIETOR

The sole proprietor's personal and business assets are one and the same; thus, a sole proprietor's death can trigger a financial disaster to both the proprietor's estate and the business. The business, which was producing a good living for the owner and family, would become defunct, leaving the family with only the auction price of the business.

When a sole proprietor dies, there are several options for the disposition of the business. Each option requires cash. The least expensive and only sure way to provide the cash at the instant it is needed is through insurance on the sole proprietor's life.

Family Continuation of the Business

Upon a sole proprietor's death, the business may be transferred to a capable family member through a gift provision in the proprietor's will or through a prearranged purchase agreement effective at death.

Under these arrangements, the new owner(s) needs cash to offset losses to the business caused by the owner's death, to equalize the value of bequests made to other family members if the business is a gift or to provide the sales price if the business is purchased.

New Owner

The business may be transferred at death, pursuant to a prearranged sales agreement, to a non-family member, such as a key employee or competitor.

Cash is then needed to provide a business continuation fund to meet expenses and perhaps to offset losses until the business adjusts to the new management.

Liquidation

If future management is not available, the business must be liquidated.

Cash is then needed to offset the difference between the business's going-concern value and its auction block liquidation value to provide income for the family and to pay outstanding business debts.

Life insurance for a Sole Proprietor

Family Continuation of the Business

Life insurance for the sole proprietor is usually funded by the proprietor but sometimes can be funded by a beneficiary. The beneficiaries may include the new owner, needing a business "shock fund" and sales price, and/or family members, needing to equalize bequests.

In the case of a family buyout, a binding sales agreement "funded with the life insurance proceeds, is entered into by the sole proprietor and the purchasing heir.

New Owner

The buyer of a business can also purchase life insurance for the sole proprietor, with the buyer as the beneficiary. In this case, a binding sales agreement, funded with the life insurance proceeds, is entered into by the sole proprietor and the purchaser. Because a sole proprietorship is not a separate legal entity from the proprietor, the business assets may be titled in the proprietor's name or jointly with his or her spouse. To avoid any confusion, the business property should therefore be specifically described in the agreement, and that document should be signed by the spouse, sole proprietor and purchaser.

The executor of the estate should be bound to sell the business to the named buyer and, when payment is received, be directed to cooperate with the purchaser to effectuate the transfer of the business assets.

Liquidation

When liquidation is intended, the sole proprietor, or sometimes the spouse or other heir, may purchase life insurance with the proceeds intended for specified beneficiaries. The executor of the estate should be authorized to liquidate the business.

OPTIONS AFTER THE DEATH OF A PARTNER

Unless there are written agreements to the contrary, the death of a partner automatically dissolves the firm. Again, unless there is an agreement to the contrary, surviving partners do not have the right to buy the deceased's partnership interest. Surviving partners cannot assume the goodwill or take over the assets without consent of the deceased's estate. If the deceased was in debt to the partnership, the estate must settle the account in full and in cash.

The surviving partners act as liquidating trustees and must take the following steps:

- ! They have exclusive possession of the firm's property but have no right to carry on the business. If the business is continued, the surviving partners must share all profits with the deceased's estate and are liable for all losses.
- ! They must convert everything into cash at the best price obtainable.
- ! They must make an accounting to the deceased's estate and divide the proceeds with the estate.
- ! They must close the business or reorganize it under a new structure.

Liquidation (Arranged after Death)

If the surviving partner(s) and deceased's heirs do nothing, the business is liquidated, resulting in auction block value for the saleable assets. They may receive nothing for goodwill. This is a disastrous solution for both the deceased partner's family and the surviving partners. Loss of the business means termination of jobs for the surviving partners and employees.

Reorganization (Arranged after Death)

The surviving partners may attempt to reorganize the partnership by

- ! Taking the heirs into the partnership. But if the heirs are incapable of working, the surviving partner(s) must do all the work and share the profits.
- ! Accepting a new partner picked by the heirs. But that person may lack ability or be unacceptable to the surviving partner(s). Also, the heirs may not receive a going-concern value for their interest.
- ! Selling the interest of the surviving partner(s) to the heirs. It may take time to agree on a price and the heirs may have difficulty raising the funds. Also, besides being unemployed, the surviving partner(s) may have to accept poorly secured installment payments.
- ! Buying out the heirs. For both parties, agreeing on a fair price after a partner's death and making certain funds are available to consummate the deal can present difficulties.

Reorganization (Arranged before Death)

Reorganization can be arranged before any partner's death through binding sales agreements. These agreements are funded with life insurance proceeds. The insurance should be applied for before the agreement is finalized; the availability and price of life insurance can be determined as well as

whether some other method of funding will be necessary.

The partners should be able to make a fairly accurate estimate of the value of the partnership so that proper amounts of insurance can be requested. The amount of the insurance proceeds often serves as the minimum purchase price or the amount of the down payment for the deceased partner's share, if less than the full purchase price.

Each partner may be the applicant, owner and beneficiary of life insurance on each of the other associates, or the partnership, as an entity, may be the applicant, owner and beneficiary of life insurance on each partner.

Before the sales agreement is finalized an accountant should determine the current value of each partner's interest and how that value is to be reestablished from time to time.

The sales agreement, drafted by a lawyer, typically will include

- ! A commitment by each partner not to dispose of the interest during his or her lifetime without first offering it at the agreed sales price to an associate (or directly to the partnership).
- ! A commitment by each associate (or the partnership) to buy a deceased partner's interest and to bind each partner's own estate to sell its interest to the remaining partners at death.
- ! A commitment as to the purchase price (or a means of determining the price) and method of making the payment(s).
- ! A commitment as to the method of funding the agreed purchase price.

Life Insurance for Partners

The buyer(s) of the partnership interest (copartners or the partnership itself) may apply for, own and receive the benefits from insurance on each partner.

OPTIONS AFTER THE DEATH OF A STOCKHOLDER

Upon the death of a stockholder who has been active in the operation of a closely held corporation, the business entity is allowed to maintain its legal structure. Personal motivation for stock ownership changes as the interests of the heirs of the deceased inevitably come in conflict with the interests of the surviving associates. Surviving stockholders want business growth through reinvestment of profits. They continue to receive income through tax deductible salaries and employee fringe benefits. The deceased's family wants immediate withdrawal of profits to provide continuing income through nondeductible dividends.

Retention of Stock by Heirs

The deceased's family may retain the stock interest. If the heirs have a majority interest, they may choose to become personally involved in management in order to receive income, or they may choose to remain inactive, elect a new board of directors and force the company to pay dividends, or reorganize the company into a partnership-like "S Corporation." In either case, the surviving stockholders may lose a voice in management and possibly their jobs, while the deceased's family may become heirs to a business on the brink of failure.

If the heirs have a minority interest and are not employed by the surviving associates, their only means of receiving an income from the corporation will be through dividends on which they must pay taxes. Funds used to pay dividends have already been taxed as corporate income. Surviving stockholders cannot afford to have much, if anything, paid as "double-taxed" dividends. This will result in a dissatisfied group of minority stockholders, who may become an intolerable nuisance factor.

Sale of Stock by Heirs (After Death)

After the death of a stockholder, the deceased's family or estate may offer to sell the stock interest to the surviving stockholders. The price the family thinks is reasonable may seem exorbitant to the other stockholders. Even if they can agree on a price, the buyers may have neither available cash nor the ability to borrow the needed funds. Thus, the deceased's heirs may have to accept installment payments.

An outside buyer may be interested only in a majority interest. Any purchase offer for a minority interest will likely be less than the proportionate full value of the business as a going concern. The heirs may end up with less than the fair price, and the surviving stockholders may have a new associate who is neither a capable employee nor a compatible member of the management team.

Sale of Stock by Heirs (Before Death)

While all interested parties are alive, they can enter into a binding sales agreement funded with life insurance. Thus, when a death occurs, the heirs immediately receive a fair price for the deceased's interest in the corporation, and the surviving stockholders immediately have the cash to pay the agreed price and become sole owners of the business.

The Funding Medium

Life insurance is the least expensive and only sure means of immediately guaranteeing cash when needed at the time of death. It should be applied on the life of each stockholder. The amount can be determined by the associates based on the value of the business. Insurance applications should be submitted immediately so the availability and price of life insurance can be known before drafting the sales agreement.

The applicant, owner and beneficiary of a policy on the life of the stockholder should be the purchaser of that stockholder's shares. When few stockholders are involved, each may agree to purchase a pro rata portion of the stock, or they may prefer to have the corporation purchase the

entire stock interest. (Caution -- if the corporation is the purchaser and the stockholders are members of the same family but are not siblings of the deceased, careful legal counseling is necessary to avoid adverse tax consequences.)

The Purchase Price

An accountant and/or lawyer can help the stockholders establish fair and equitable current values and a means of determining how these values should be adjusted in the future. Recent tax legislation indicates that for family purchase, the value paid should approximate the value of the business when it is actually bought.

These values must be determined before completion of the sales agreement. If they are not in line with the amounts of life insurance that have been purchased, changes may have to be made to the insurance. An increasing death benefit life insurance plan is often recommended.

The Sale

A lawyer can advise the stockholders on whether to choose a cross purchase or a stock redemption plan and can prepare the necessary agreements. Under a cross purchase plan, each stockholder agrees to purchase a portion of an associate's stock interest. Under a stock redemption plan, the corporation agrees to purchase each stockholder's entire interest.

The provisions of a typical agreement to purchase stock of a close corporation generally include

- ! A commitment by each stockholder not to dispose of the stock interest during his or her lifetime without first offering it, at the agreed sales price, to an associate or to the corporation itself.
- ! A commitment by each stockholder (or the corporation) to buy the shares of a deceased stockholder and to bind his or her estate to sell the shares at death.
- ! A commitment to the purchase price (or a means of determining the price) and method of making the payment(s).
- ! A commitment to the method of funding the agreed purchases.

Life Insurance for Stockholders

The buyer(s) of the stock (the costockholder(s) or the corporation) may apply for, own and be the beneficiary of insurance for each stockholder.

To minimize exposure to the recently legislated corporate Alternative Minimum Tax, most advisors now recommend the cross-purchase plan, with the insurance cross-owned by the other (buying) stockholders.

KEY EMPLOYEE INSURANCE

Material losses to a business can usually be repaired or replaced. Loss through death is always total and only people can replace people.

How to Offset the Loss of a Key Employee

It is impossible to provide an exact replacement for a deceased key person. The most effective offset to the value of the lost services is cash, immediately available to the business to

- ! Offset losses during the readjustment period and keep the business running.
- ! Retain a good credit standing.
- ! Assure customers and suppliers that the company will continue as usual.
- ! Retire loans, mortgages, bonds, etc.
- ! Attract and train a successor.
- ! Continue paying salaries.
- ! Carry out ongoing plans for expansion and new developments.

Life insurance is the most economical and effective means of providing cash because, during life, the cash values constitute an increasingly liquid tax-sheltered reserve, available to help meet any financial need of the business, and at death, the full cash proceeds are immediately available. These funds are received completely free of regular corporate income tax, but may be subject to the lower Alternative Minimum Tax in certain limited situations, to the extent not offset by the deductible employee benefits.

Life Insurance for Key Employees

There is no set formula to establish the value of a key employee. However, the following are some general guidelines.

- ! The capitalized value of that portion of the company's profits attributable to the employee.
- ! The costs of replacing the employee.
- ! Three to ten times the employee's annual salary. Five times is the commonly used multiplier.

The business (or employer if a sole proprietorship) is the applicant, owner and beneficiary of an

insurance policy on the life of the key employee. No form of agreement is necessary between the business and key employee except the individual's consent to be insured, evidenced by his or her signature on the application. Thus, the business has complete flexibility to use the cash value of the policy during life and the proceeds after death.

Though the primary purpose for the insurance is to indemnify the business for its loss of the key worker through death, the policy may also

- ! Provide funds for sudden emergencies or unexpected opportunities.
- ! Bolster the credit standing of the company.
- ! Serve as collateral for confidential policy loans at a guaranteed interest rate.
- ! Provide funds that the corporation could use for the insured's retirement or for the family if the key employee dies.

DEFERRED SUPPLEMENTAL COMPENSATION

An unrestricted (sometimes called nonqualified) deferred supplemental compensation plan is an agreement made by an employer, backed by the good faith and credit of the business, to pay an employee certain amounts at a specified future date in lieu of, or in addition to, current salary increases. Payments normally commence after the employee's retirement to supplement normal pension levels, but also may be made if the employee becomes disabled or dies. In consideration of such promised payments, the employee usually agrees to continue employment with the company until retirement and, during retirement, to be available as a consultant to the firm and refrain from competitive activity.

Deferred Supplemental Compensation Plan

The employer and employee enter into a written contract prepared by a lawyer. The employer generally agrees to

- ! Employ the employee at an agreed-upon current salary rate.
- ! Pay the employee a specified additional deferred salary for a certain number of years or lifetime, commencing at a stated retirement date, or in the event of death or disability.
- ! Continue payments to the employee's beneficiary for a certain number of years if death occurs after retirement but before receipt of all stipulated payments.
- ! Pay a death benefit (specified single sum or installment payments) to the spouse or other beneficiary if the employee dies before retirement.

- ! Pay the employee a certain salary for an agreed-upon period of time in the event of total disability prior to retirement (normally funded through a disability income policy).

The employee generally agrees to

- ! Remain in the employ of the business for an agreed-upon number of years.
- ! Provide the company with occasional consulting or advising services during retirement.
- ! Refrain from providing service to any competitor during retirement.

A life insurance policy ensures the company of the funds needed to pay the promised benefits. The life of the employee is insured for an amount at least sufficient to cover the business's deductible after-tax cost of the death or retirement payments. The business is the applicant, owner and beneficiary of the life insurance policy.

A disability income policy for the appropriate amount is provided to the employee with premiums paid by the employer. Such a policy provides income to a worker who has exhausted paid sick leave and other benefits before being able to return to work.

Income Tax Considerations

Premium payments made for the life insurance policy are not deductible: disability income insurance premiums are deductible. The employee incurs no current income tax liability on the amount of compensation deferred nor on the employer's premium payments for the insurance policies.

The annual cash value increase of the life policy, though a corporate tax preference item, normally accrues tax free to the business. Proceeds of the life policy are received free of regular tax by the business at the death of the insured. For corporate employers, proceeds in excess of the cash value may be subject to the lower Alternative Minimum Tax, to any extent not offset by the deductible benefits paid to the employees or their beneficiaries. Benefits under the disability income policy are tax-reportable by the employee when and as received.

Deferred compensation benefits for normal retirement or death are deductible by the business as they are paid to the employee or the employee's beneficiaries. Retirement and/or death benefits are taxable to the recipient only when and as received (often at a lower rate than that applicable to the employee prior to retirement or death). Disability benefits are paid directly to the employee by the insurance company, hence are not deductible by the employer. (Instead, the premium payments are deductible.)

FAMILY DEATH BENEFIT

This is a plan under which an employer agrees to make one or more payments upon the death of a

key employee (usually if death occurs during active employment) to the deceased's family (usually the surviving spouse and/or children). In effect, it is a supplemental compensation plan which offers no retirement or disability payments for the employee, but instead defers all payments until after the employee's death. It is often called a death benefit only plan.

Death Benefit Only Plan

One or more employees are selected to participate in the plan. The employer usually offers the plan on an individual basis to selected highly compensated employees as a supplement to other company benefits that have limited maximums. Usually, the plan pays a specified portion of the employee's salary for a specified number of years after his or her death. The death benefit may be paid in installments or in one sum, and is payable whenever death occurs, during active employment or retirement.

The employee agrees to be insured by a life insurance policy owned and paid for by the employer. The amount of insurance purchased is at least equal to the employer's after-tax deductible cost of the death benefit payments. In most plans, the life insurance equals or exceeds the employer's total before-tax payments to the employee's family, thus providing sufficient tax-free funds to cover not only the tax deductible payments to the family but most or all of the premiums paid for the insurance, and to allow for benefit increases that are tied to salary increases.

Income Tax Considerations

- ! Premium payments made by the employer are not a deductible business expense.
- ! The insured employee incurs no income tax as a result of the plan.
- ! Policy cash value increases are treated as preference items but normally accrue tax free to the employer-owner of the policy.
- ! The policy proceeds are received free of income tax by the employer-beneficiary. Proceeds in excess of cash value may be subject to corporate Alternative Minimum Tax, but only to the extent not offset by the employee death benefits paid.

Payments made by the employer to the deceased's family are deductible as paid (so long as they are not unusually generous if paid to the families of substantial stockholder-employees).

The benefits are included as taxable income of the recipient as received. Usually, the deceased's spouse is in a relatively low tax bracket and the payments are made over a period of several years, rather than in one sum, to reduce income tax. The first \$5,000 of payments made may be excluded from income taxation.

SPLIT DOLLAR INSURANCE

Split dollar insurance is an attractive plan for any employee needing assistance in paying life insurance premiums and for employers who wish to provide, at little or no cost, a fringe benefit to selected employees.

A split dollar life insurance plan provides an employer with the advantages of an employee benefit plan by being

- ! A benefit available to those key employees individually selected by the employer, thus increasing the attractiveness of employment and reducing turnover.
- ! Insurance tailored to the individual needs of each participant according to the employer's desires.
- ! A benefit started, continued and discontinued with no government approval required.
- ! A tax-sheltered accumulating fund (the policy cash values) that is available for business needs and emergencies.
- ! One of very few fringe benefit plans under which a large part or all of the employer's costs are recovered.

The split dollar method of paying for life insurance is very attractive to selected (including stockholder-employee) participants because it

- ! Provides a substantial amount of insurance at a lower cost than if paid from personal after-tax income.
- ! Can become a self-completing plan in the event of disability, through the addition of the waiver of premium provision.
- ! Allows the insured to acquire the entire life insurance policy in the event of plan or employee termination prior to death.
- ! Can be arranged so the proceeds are not included in the insured's taxable estate at death. (Special provisions may be required if the insured is the majority stockholder of a corporation.)
- ! Can be expanded, at the employer's option, into a plan that provides deductible retirement benefits.

Split Dollar Plan

Because of the substantial amounts that may be involved, it is preferable to spell out the rights and obligations of the employer, employee and beneficiary in writing.

There are two basic systems of arranging split dollar life insurance policies:

- ! Collateral assignment method-The insured (or sometimes a third party spouse, child or trust) applies for, owns, pays the premiums for and names the beneficiary of the life insurance policy. Part (or often all) of the premiums is loaned to the insured (or other policy owner) by the employer.
- ! Endorsement method-The employer applies for, owns and pays the premiums of the life insurance policy, and the employee (or sometimes a third party) pays to the employer an agreed-upon portion of the premium, if any.

The employer is the beneficiary of an agreed-upon portion of the death proceeds (usually the total employer contributions or, if greater, the cash value) and the other party to the agreement (usually the insured employee, but sometimes a third party) has the right to designate a beneficiary for the balance.

The employer and selected employees determine the form and amount of insurance, plus the split of premium payments and split of death benefits. The insurance is applied for and the employee provides evidence of his or her insurability. The split dollar agreement is signed by both parties. (If the collateral assignment method is used, the policy owner signs a collateral assignment and promissory notes to the employer for the amount of premium advances.)

Income Tax Considerations

In the case of employer-employee split dollar plans, the employer's premium contributions are not a deductible expense, but the death proceeds reimbursing the business are received free of income tax. The employee reports a current taxable economic benefit from the plan. This economic benefit is the annual value of the employee's death benefit, measured by the term cost of the protection, reduced by an employee premium payment. The death proceeds paid to the employee's beneficiary are received free of income tax.

SELECTIVE PROTECTION (BONUS) PLAN

A selective protection plan is an informal employee benefit arrangement between an employer and one or more selected employees. The employer pays part or all of the premiums for a life insurance policy written on the life of the employee. The insured employee has all ownership rights to the contract. No government approval is required. The employer decides who is to be included and what insurance benefits are to be provided. Each payment, as made by the employer to the plan, is fully tax deductible as a business expense.

Income Tax Considerations

- ! Premiums paid by the employer are deducted, for income tax purposes, as a regular business expense.
- ! The employee's reportable income is increased by the amount of the employer's

premium contribution, similar to a cash bonus. Thus, the employee's cost is limited to the income tax on the employer's premium payments, plus any additional premiums paid by the employee.

- ! Cash value increases of the policy are not subject to current income tax, even though they are owned by and available to the employee.
 - ! Death benefits paid to an employee's beneficiary are received free of income tax.
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APPENDIX: INFORMATION RESOURCES

U.S. Small Business Administration (SBA)

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products.

SBA has offices throughout the country. Consult the U.S. Government section in your telephone directory for the office nearest you. SBA offers a number of programs and services, including training and educational programs, counseling services, financial programs and contract assistance. Ask about

- *SCORE: Counselors to America's Small Business*, a national organization sponsored by SBA of over 11,000 volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people. Free online counseling and training at www.score.org.
- *Small Business Development Centers (SBDCs)*, sponsored by the SBA in partnership with state governments, the educational community and the private sector. They provide assistance, counseling and training to prospective and existing business people.
- *Women's Business Centers (WBCs)*, sponsored by the SBA in partnership with local non-government organizations across the nation. Centers are geared specifically to provide training for women in finance, management, marketing, procurement and the Internet.

For more information about SBA business development programs and services call the SBA Small Business Answer Desk at 1-800-U-ASK-SBA (827-5722) or visit our website, www.sba.gov.

Other U.S. Government Resources

Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in 24 major cities and are listed in the Yellow Pages under the bookstore heading. Find a "Catalog of Government Publications" at <http://catalog.gpo.gov/F>

Many federal agencies offer Websites and publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses. To get their publications, contact the regional offices listed in the telephone directory or write to the addresses below:

Federal Citizen Information Center (FCIC)

[Http://www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

1-800-333-4636

The CIO offers a consumer information catalog of federal publications.

Consumer Product Safety Commission (CPSC)

Publications Request

Washington, DC 20207

http://www.cpsc.gov/cpsc/pub/pubs/pub_idx.html

The CPSC offers guidelines for product safety requirements.

U.S. Department of Agriculture (USDA)

12th Street and Independence Avenue, SW

Washington, DC 20250

<http://www.usda.gov>

The USDA offers publications on selling to the USDA. Publications and programs on entrepreneurship are also available through county extension offices nationwide.

U.S. Department of Commerce (DOC)

Office of Business Liaison

14th Street and Constitution Avenue, NW

Washington, DC 20230

<http://www.osec.doc.gov/obl/>

DOC's Business Liaison Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different programs and services in the DOC and other federal agencies.

U.S. Department of Health and Human Services (HHS)

Substance Abuse and Mental Health Services Administration

1 Choke Cherry Road

Rockville, MD 20857

<http://www.workplace.samhsa.gov>

Helpline: 1-800-workplace. Provides information on Employee Assistance Programs Drug, Alcohol and other Substance Abuse.

U.S. Department of Labor (DOL)

Employment Standards Administration

200 Constitution Avenue, NW

Washington, DC 20210

The DOL offers publications on compliance with labor laws.

U.S. Department of Treasury

Internal Revenue Service (IRS)

1500 Pennsylvania Avenue NW

Washington DC 20230

<http://www.irs.gov/business/index.html>

The IRS offers information on tax requirements for small businesses.

U.S. Environmental Protection Agency (EPA)

Small Business Ombudsman

1200 Pennsylvania Avenue NW

Washington, DC 20480

<http://epa.gov/sbo>

Hotline: 1-800-368-5888

The EPA offers more than 100 publications designed to help small businesses understand how they can comply with EPA regulations.

U.S. Food and Drug Administration (FDA)

5600 Fishers Lane

Rockville MD 20857-0001

<http://www.fda.gov>

Hotline: 1-888-463-6332

The FDA offers information on packaging and labeling requirements for food and food-related products.

For More Information

A librarian can help you locate the specific information you need in reference books. Most libraries have a variety of directories, indexes and encyclopedias that cover many business topics. They also have other resources, such as

- **Trade association information**
Ask the librarian to show you a directory of trade associations. Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.
- **Books**
Many guidebooks, textbooks and manuals on small business are published annually. To find the names of books not in your local library check Books In Print, a directory of books currently available from publishers.
- **Magazine and newspaper articles**
Business and professional magazines provide information that is more current than that found in books and textbooks. There are a number of indexes to help you find specific articles in periodicals.

- **Internet Search Engines**

In addition to books and magazines, many libraries offer free workshops, free access to computers and the Internet, lend skill-building tapes and have catalogues and brochures describing continuing education opportunities.