

NEWSLETTER



IN THIS ISSUE

- ▶ Legal Planning For Your 18-Year-Old
- ▶ Amended Youth Employment Standards Act
- ▶ News From the Firm
- ▶ Is a Buy-Sell Agreement Essential for Business?
- ▶ Attorney Published Articles

LEGAL PLANNING FOR YOUR 18-YEAR-OLD

By Matt Haupt

When your child turns 18 they become a legal adult, gaining independence over their medical, financial, and personal decisions. For parents, this can be a challenging transition. You may no longer have automatic access to your child's information, even in emergencies. Without proper legal planning, your ability to support them can be limited. Here's how you can prepare your 18-year-old for adulthood while ensuring you can step in when needed.

Teaching Financial Responsibility

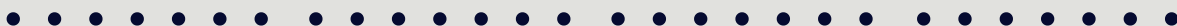
At 18, most young adults are just beginning to manage their own finances. Equipping your

child with essential financial knowledge is key to helping them thrive as independent adults.

Budgeting and Money Management:

Encourage your child to understand budgeting basics. Discuss how to track income and expenses, and emphasize the importance of saving for both short-term needs and long-term goals. Developing strong money habits early on can help them avoid unnecessary debt and feel in control of their finances.

Understanding Credit: Explain the importance of credit and how it impacts future financial opportunities, from renting an



“GO TO LAWYER” IN BUSINESS LITIGATION



Mike Gibbons has been named “Go To Lawyer” in Business Litigation by Michigan Lawyers Weekly.

Lawyers recognized by this program have been nominated by their peers. They are recognized for their expertise, experience, and success in their legal field across the state of Michigan. Congratulations on earning this recognition! To learn more about Mike, click [HERE](#).

documenting these choices legally is important.

Accessing Financial Accounts: Talk with your child about their financial accounts, especially if they have college-related expenses, tuition payments, or scholarships. Discuss how you can assist them with managing finances if they’re temporarily unable to do so, like in a medical emergency. Emphasize that your goal is to support them, not to control their financial life.

Having these conversations early on normalizes discussing health and finances, making it easier for them to turn to you for support when needed.

Key Legal Documents for Your Child’s Protection

To ensure you can assist your child in a crisis, a few essential legal documents are crucial.

apartment to taking out a loan. Talk about how credit cards work, including interest rates, responsible use, and the significance of paying off balances. Building good credit can open doors, so this is a valuable lesson for young adults.

Navigating Taxes: Filing taxes can feel overwhelming for many young adults. Go over the basics, including common forms like W-2s for employees or 1099s for freelance work. Familiarizing them with tax terms and filing procedures will reduce stress and ensure they meet their obligations.

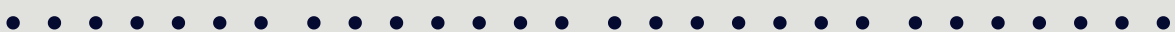
Healthcare Knowledge: With adulthood comes new healthcare responsibilities. If your child is on your health insurance, explain co-pays, deductibles, and premiums, as well as when and how to seek medical care. Teaching them how to manage health-related expenses will empower them to take charge of their well-being.

These discussions give your child the foundation they need to manage adult responsibilities and prepare them to make sound financial decisions.

Discussing Medical and Emergency Scenarios

Although it is difficult to imagine, emergencies can happen. Having open discussions about medical and financial scenarios helps your child prepare for unforeseen circumstances.

Medical Preferences: Encourage your child to consider what they would want in a medical emergency. For example, if they’re in a serious accident and can’t communicate, who would they want making healthcare decisions on their behalf? This is also an opportunity to discuss specific scenarios, such as resuscitation, life support, and long-term care. These conversations help your child clarify their wishes and understand why



The Importance of Regular Reviews

These documents give you the ability to help manage medical and financial matters if your child is unable to do so.

Healthcare Proxy and Advance Directive: A healthcare proxy allows your child to designate someone, often a parent, to make medical decisions if they're incapacitated. The advance directive complements this by specifying their treatment preferences in situations like resuscitation or life support. Together, these documents ensure you can act on your child's behalf while respecting their wishes.

HIPAA Authorization: Privacy laws restrict healthcare providers from sharing medical information with anyone other than the patient, even with family members. By signing a HIPAA authorization, your child grants you permission to access their medical information and receive updates on their condition. In emergencies, this can make a significant difference in ensuring timely and informed decisions.

Financial Power of Attorney (POA): A financial POA lets your child appoint someone to manage their financial matters if they're unable to do so. This could involve paying bills, managing bank accounts, and handling loans. Without a financial POA, you would face legal barriers to accessing or managing their finances, potentially disrupting payments and causing unnecessary complications.

Will or Trust: While many young adults may not see a need for post-death planning, a simple will can clarify their wishes for any assets they own, such as a car or personal belongings. This ensures that if something were to happen, their wishes are respected, and family members know exactly how to handle their belongings.

These documents enable you to support your child when necessary, while also giving them control over their own life decisions.

Once your child has established these legal documents, encourage them to review and update them as life circumstances change. Major events like moving, getting married, or starting a new job can all influence their decisions.

Periodic Check-Ins: Set reminders to review these documents every few years. Regular updates help ensure your child's choices remain accurate and relevant to their current life situation.

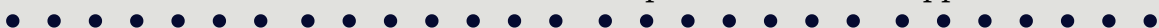
Updating Beneficiaries: As they accumulate assets like life insurance or retirement accounts, remind your child to keep beneficiary designations current. This helps ensure assets go to the intended individuals and reduces the likelihood of disputes.

Revisiting these documents as part of their routine helps your child understand that estate planning is a lifelong process, not a one-time task.

How to Get Started: Seeking Professional Guidance

The process of establishing these documents can feel overwhelming, especially for first-time adults and their parents. Consulting a Michigan estate planning attorney experienced in working with young adults can simplify the process. An attorney will ensure that each document is legally compliant and suited to your child's specific needs, giving you and your child peace of mind.

Through financial education, open communication, and the right legal planning, you'll be ready to support your child's independence while knowing you're prepared for unexpected situations. Taking these steps now will help your 18-year-old embrace adulthood with confidence and ensure you can provide essential support if the need arises. ♦



Tracy Gaudenzi Named Partner



Beier Howlett
proudly
announces the
promotion of
Tracy Gaudenzi
to Partner.

Tracy plays a pivotal role as the lead prosecutor for the Firm's municipal clients. Her practice has expanded in recent years and her responsibilities encompass a wide range of complex municipal matters.

Tracy is a graduate of the University of Detroit Mercy School of Law where she earned her Juris Doctorate. She was extremely active in extracurricular activities while at law school including a St. Thomas More Society Board Member, a Women's Law Caucus Member, as well as a Moot court and Mock trial competitor.

Tracy is active in her community where she serves on the board at the local preschool and is also a PTA member and volunteer at the local elementary school. She is active in her church community and the local soccer community. Tracy was recently named to "Best Lawyers in America" for 2025.

AMENDED YOUTH EMPLOYMENT STANDARDS ACT

By Beier Howlett

On April 2 of this year, changes to the Youth Employment Standards Act (YESA) went into effect. This is a Michigan law that regulates the employment of minors. YESA establishes rules issuing required work permits, what types of jobs minors can have, the number of hours they are allowed to work, and the times in which they are allowed to work.

Previously, schools handled the responsibility of issuing work permits for minors, but under the amended law, starting October 2, 2026, the Department of Labor and Economic Opportunity (LEO) will assume this role. There will be a statewide registration system for minors to register for employment themselves or with a parent/guardian. Work permits are required for minors who attend school virtually, who are homeschooled, and even for those that do not attend school. Also, a new work permit is required when the minor changes jobs. When employment ends for the minor, the employer will be required to notify the state. It is important to know that if a minor employee has poor academic performance, then their work permit may be revoked.

Under the amended law, minors are allowed to work up to three hours per day (outside of school hours), but no more than 18 hours per week. When school is on a break (breaks during the school year and summer break), minors are allowed to work a maximum of 40 hours per week. Minors will also be restricted in their working times.




During the summer months (June 1 through Labor Day), they may begin work at 7am but must end by 9pm. During the other months of the year (immediately after Labor Day through May 31), minors' work hours are restricted between 7am and 7pm. The amended Act prevents 16 and 17 year olds from being allowed a deviation between the hours of midnight and 5am.

There are certain types of jobs that YESA does not apply to. This includes:

- Domestic work or chores in a private residence;
- Actors or performers in motion pictures, television, or radio;
- Farm work; and
- Newspaper delivery.

Most occupants require children to be at least 14 years old to be hired. Also YESA prohibits minors from working in particular hazardous jobs, such as:

- Operating specific machinery such as woodworking machines or machines on construction or excavation sites;
- Working with power driven equipment, tools or saws;
- Using meat slicers, cleavers, slaughtering or butchering meat; and
- Working with explosives, chemicals, or radioactive substances.

In the summer months, typically more minors are employed, so it is important that employers familiarize themselves with these new policies and procedures to ensure they are aligning with the new requirements. 



IS A BUY-SELL AGREEMENT ESSENTIAL FOR BUSINESS?

By Beier Howlett

For business owners, making decisions for the business' future will be a never-ending endeavor. It is easy to get caught up in focusing on day-to-day operations, but the long-term future of the business is typically the ultimate goal for any business owner. An important decision business owners should make is whether or not the business would benefit from having a buy-sell agreement in place.

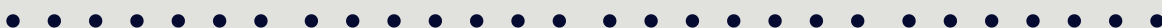
What is a Buy-Sell Agreement?

A buy-sell agreement is a legally binding contract between the business and its owners that outlines the terms and conditions of how

a partner's share in the business is reassigned in the event of their departure from the business. The types of departures, also referred to as trigger events, could include:

- Death
- Retirement
- Physical or Mental Disability
- Voluntary Departure
- Divorce
- Bankruptcy
- Impasse over Major Issues

Buy-Sell agreements typically prevent an owner from selling their business interests to an outsider without the consent of the other business owners. This agreement helps to



minimize issues by providing orderly succession plans for your business. It helps to ensure a smooth transition of ownership and business continuity.

What type of business would benefit from a buy-sell agreement?

Having a buy-sell agreement should be a fundamental business practice. Any business structured as a Corporation, LLC, and Partnership with more than one owner should consider having a buy-sell agreement, including family-owned businesses.

What are the most common forms of buy-sell agreements?

Buy-sell agreements are generally structured in the following ways:

- **Cross Purchase Agreement-** This is the simplest form of a buy-sell agreement and is best suited for businesses with just a few owners. In this type of agreement, upon the occurrence of a triggering event, the other partners/owners of the business purchase the interest of the departing owner at an agreed upon price. This is sometimes funded by life insurance.
- **Entity Purchase Agreement-** This type of agreement is when the business entity itself purchases the departing owner's interest, at an agreed upon price. This is sometimes funded by a life insurance policy where the business itself takes out a policy on each individual owner. This is oftentimes referred to as a redemption agreement.
- **Wait and See Agreement-** This type of agreement is a hybrid between a Cross Purchase Agreement and an Entity Purchase Agreement. This type of agreement postpones the decision on who will purchase the interest of the departing owner until there is a triggering event. It offers flexibility and allows for the purchase decision to be made based on

JEFF HAYNES PUBLISHED ARTICLES

Beier Howlett attorney Jeff Haynes recently published a series of articles in the Michigan Appellate Practice Journal entitled Abuse of Discretion: Principles from 180 Years of Michigan Caselaw. The first article explores the theory behind the abuse of discretion standard of appellate review of trial court discretionary decisions, finding that trial court discretion cannot be properly reviewed under the rule-based appellate practice. For instance, appellate courts have difficulty reviewing the correctness of a trial court's decision to grant or deny a motion for a new trial because the trial court's decision is based on in-court factors that do not appear in an appellate transcript. The second article criticizes the Michigan Supreme Court's current use of definitions of abuse of discretion (a range of equal trial court choices) as being unable to explain how appellate review of discretion actually works. The third article, based on Haynes's empirical review of over 2000 Michigan Supreme Court decisions, describes abuse-of-discretion review as grounded in fairness to the parties and appellate-court deference to trial court decisions. Fairness has three parts: not rewarding a culpable party, trial judge "balance," and not causing prejudice to a party. The third article concludes by proposing a template that advocates and courts can use in reviewing trial court discretion.



the circumstances at the time of the triggering event.

What is typically included in a buy-sell agreement?

Buy-sell agreements are typically constructed in a way that best suits the individual business needs. They must also be constructed to adhere to specific state statutes. Generally, a buy-sell agreement will include:

- A list of the owners/partners of the business and percentages of ownership.
- A methodology for determining the value of the departing owners share of the business, and the date the valuation is determined.
- A list of events that could trigger the buyout.
- The determination of which parties will purchase the interest, terms of purchase, security for payment, etc.
- Addressing certain tax and estate planning considerations for each of the owners and the business.

How is the business value determined?

Valuation methods are an important part of buy-sell agreements as they determine the price at which business interests are valued. This important component helps avoid potential conflicts should the parties fail to agree on value. Appraisers may be hired by the owners or the business itself to conduct valuations unless the agreement uses a simple methodology that can be implemented without expert help. Some of the most common types of valuation methods are:

Asset based approach- This type of method focuses on the net asset value of the company's assets.

Market-based approach- This type of method compares financial metrics of similar assets to determine value.

Income based approach- This is a valuation approach that uses the income generated by the business to determine value.

Stipulated Value- Where the owners agree in advance of the value of an interest for buy-out purposes.

How are the buyouts funded?

There are specific factors that generally influence how a buy-sell agreement is funded. These include:

- The size of the business.
- The business structure and tax issues.
- The number of owners and their percentage of ownership in the business.
- The structure of the buy-sell agreement in place.

It is important that the buy-sell agreement is properly funded so the buyout can be accurately executed and not cause any financial strain on the owners or the business itself. While there are a few options to fund a buyout due to the death of an owner, one common approach is to have a life insurance policy for each of the owners of the business. It can be the most cost effective and tax efficient approach to have money available in the event that an owner dies. However, insurability can be an issue and insurance premiums may be costly.

A few of the other options to fund a buy-sell agreement are:

Borrowing money from a lender

This option may be quick and provide the appropriate funding, but it also can lead to debt that might be difficult for the business to carry.

Installment payments

Making installment payments (either from the company or other owners) for the departing



owners' share of the business could cease cash flow pressure, but it can create ongoing financial obligations that may cause strain.

Sinking fund

This type of funding is where the owners of the business create a reserve account by setting aside a portion of the business profits each year in order to fund the buyout of a departing owner. This option avoids debt, but it takes planning, discipline, and time to accrue enough for the buyout, and tax impacts must be addressed.

Can a buy-sell agreement help a business avoid probate?

If this agreement is properly structured and fully funded, the transfer of ownership process can significantly reduce the need for probate and in some cases, avoid it altogether. Having the agreement helps streamline the transfer of ownership by minimizing delays and potential complications.

What are the main advantages of having a buy-sell agreement for your business?

Buy-sell agreements are designed to provide a smooth transfer of ownership and to help protect the business and business owners' personal interests.

Buy-sell agreements:

- Implements structure to ensure business continuity and provides a clear path for business succession;
- Help minimize potential conflicts and provides family financial security;
- Protects the interest of the remaining business owners;
- Helps establish a fair valuation method for each of the owners' interests;
- Provides tax benefits;
- Prevents the business from being taken over by outside ownership that may not align with the values or vision of the current ownership.

It is important for your business to have a well-crafted and properly funded buy-sell agreement. It ensures protection for the owners, their families, and the business itself should a trigger event occur. ◇

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