

What Happens to a Partnership When a Partner Dies?

Rabbi Yitzchak Grossman

Question: Reuven and Shimon are partners in a business venture. Unfortunately, Reuven became ill and passed away. What happens now with the partnership?

Answer: The halachic rule is that if either partner dies, the other partner has the right to tell the heirs that he only agreed to be a partner with their father and not with them. Since he never committed to partner with them, he has the right to terminate the partnership.

The heirs can say likewise to the other partner. Although their father committed to partner with him, they never did; therefore, they have the right to dissolve the partnership if they so desire.