

# BUSINESS SUCCESSION PLANNING

## How PRP approaches Business Succession Planning

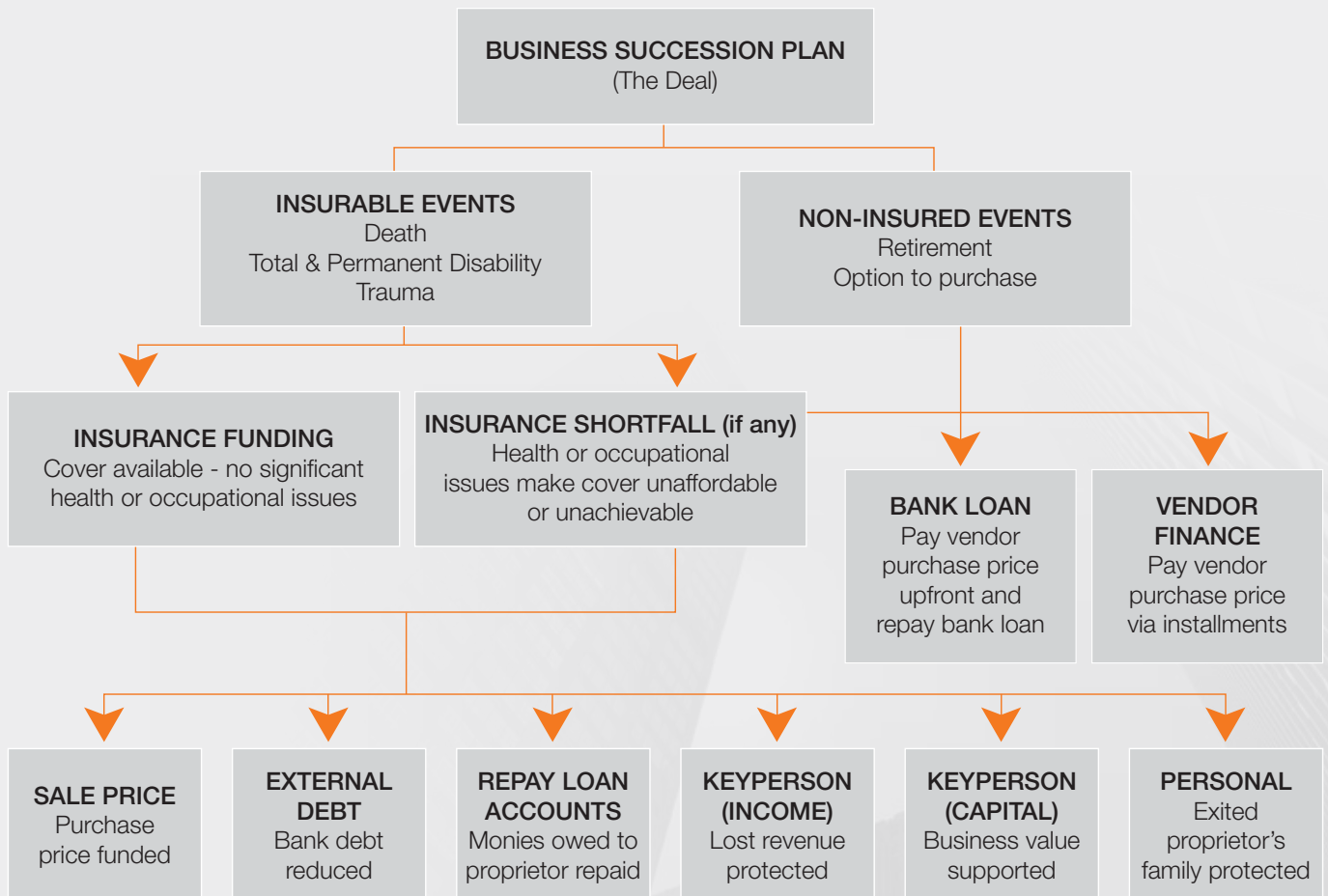
Traditionally most advisers see a business succession plan as buy/sell life insurance policies that fund the purchase of a proprietor's share of their business if they died or became disabled.

At PRP we see Business Succession Planning as a package of commercial strategies that enable you to exit a business, whether or not insurance is available at a reasonable cost. Our role is to act as the project manager who helps create a deal that will apply to each proprietor on their departure.

Other people on the team to properly address these commercial strategies are:

- **Your Accountant** – to provide business valuations and financial information
- **A Specialist Succession Planning Lawyer** – to prepare an agreement that documents the deal.

## What is a Business Succession Plan?



## What if you don't have a succession plan?

**Purchase Price** – You would not have a strategy for the orderly departure of the proprietor's family from the business. You may 'inherit' unintended business partners.

**Valuation** – Without insurance or other funding to pay the purchase price there would be arguments about the amount of the purchase price and the timeframe for payment.

**External Debt** – If the external debt is not reduced, the bank might wish to retain the proprietor's personal guarantees for the business debt.

**Loan Accounts** – if the loan accounts are not insured, they will need to be repaid out of future income of the business.

**Keyperson (Income)** – the business might not be able to fund ongoing liabilities and could be wound up.

**Keyperson (Capital)** – the capital value of the business might be reduced by the loss of goodwill.

**Personal Needs** – The family of the exited proprietor may not receive sufficient funds to meet ongoing living and lifestyle requirements.

## Keeping You Organised

With your Asset Protection and Estate Planning objectives addressed, being well organised equates to much better decision making and protection against uncertainty. Should disaster strike or should your circumstances change are you ready? What arrangements do you have in place to make sure all your precious memories and documents would survive?

Our clients typically have complex affairs, with super funds, businesses, family trusts and other interests that their spouse is quite often not familiar with. In the event of that person's death, the surviving spouse is generally left to try and piece together the financial affairs of their deceased spouse. This can lead to delays in processing the estate, assets and liabilities being overlooked, insurance policies being missed and an overall position of feeling lost and overwhelmed.

We recommend you consider our *Get Me Organised & Keep Me Organised Service* to make sure this never happens. This service acts like a sophisticated letter of instruction to ensure the adequate preparation has been made. Please refer to our *Get Me Organised & Keep Me Organised Flyer* for more information or please contact us to discuss how this service can specifically benefit you.

## The Next Step

Contact us to design an indicative succession plan for you and your business.

## Contact Us

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