

## Business Succession Planning Solutions

### What is a business succession plan?

It is a documented plan that includes the following:

1. It provides for structured transition of ownership to the remaining business partners or family members.
2. It ensures that your family receives the value you have built up in the business.
3. It provides for the business surviving if you are ill or injured.
4. It can also retain key staff.

### What does a business succession plan aim to achieve?

- A properly structured plan takes into consideration needless Capital Gains and other Tax.
- Provision is made for adequate funding to transfer ownership.
- Some of the things that can trigger succession:
  - Disability.
  - Divorce.
  - Trauma event such as a heart attack or stroke.
  - Becoming of unsound mind.
  - Retirement.

### Why should I consider business succession planning?

There are a variety of reasons, but if you were to suffer from an accident, heart attack or some other life altering event, have you planned for the following:

- Selling your interests to your business partners, a third party or employees?
- Keeping your business for your family?

### Who arranges all the documentation and manages the process?

At Cedar Wealth, we offer an all-inclusive service to manage the whole process. Although we are not lawyers or tax advisors, we understand the tax and legal implications of having your business succession affairs well arranged. As trusted advisors, we take care of the process of arranging the following:

1. Valuing the business with your accountant.
2. Arranging formal documentation with knowledgeable lawyers.
3. Setting in place funding arrangements to cover the three main events:
  - Life insurance (if you pass away)
  - Total and permanent disability.
  - Trauma (Cancer, heart attack or the like)

## How should the succession plan be funded?

There are generally six accepted methods of funding the succession:

1. Borrow funds from the bank.
2. Start a sinking fund.
3. Write out a cheque.
4. Agree on vendor terms.
5. Insurance.
6. A combination of the above.

## What is generally done?

No two businesses are identical, but as a general guideline it is often most economical to use insurance as the funding vehicle.

## Who advises on how the insurances should be owned?

Cedar Wealth will discuss this in depth with you and provide advice on the best way, because each business is unique and has its own set of needs. We work with your Accountant and Lawyer to ensure that your affairs are correctly set up.

## Where to from here?

Call us on (08) 9256 3788 to arrange a discussion or email us at [info@cwmm.com.au](mailto:info@cwmm.com.au) and we'll meet with you to discuss your needs.

None of the above has been prepared without considering your personal objectives, financial situation or needs. Therefore, before acting on it, please consider if it is appropriate to your specific circumstances. You should also seek advice from your tax adviser in relation to tax matters and you should seek legal advice from your lawyer in relation to legal matters.