

Business Succession Planning

Confidence in your future

Business Succession Planning protects your business from the impact of a partner, shareholder or key person's departure. Their departure may be voluntary - for example, due to retirement or disharmony; or involuntary - for example, due to illness, injury or death.

Think of Business Succession Planning as a Will for your business, with an insurance overlay that financially protects the business, should such an unfortunate event take place.

Picture this:

- ▶ Your business partner exits your business involuntarily. How will you fund the payout to them or their estate?
- ▶ A person integral to revenue generation in your business, departs suddenly (due to illness, injury or death).
- ▶ Your business partner passes away unexpectedly. Their disinterested (and unskilled) spouse is your new shareholder.

These are difficult circumstances to consider. But with proactive planning, you will have the right strategy in place, as well as adequate funds to take on the resulting challenges.

And that is what Business Succession Planning will do. Our team will support you and your business partners to navigate a mutually agreed solution and provide the means to reduce any financial stress.

Business Succession Planning will minimise the impact of disruption during a tough or turbulent time: because you will be prepared.

And importantly, your business can keep functioning smoothly and successfully.

Protect your business

Protect your future



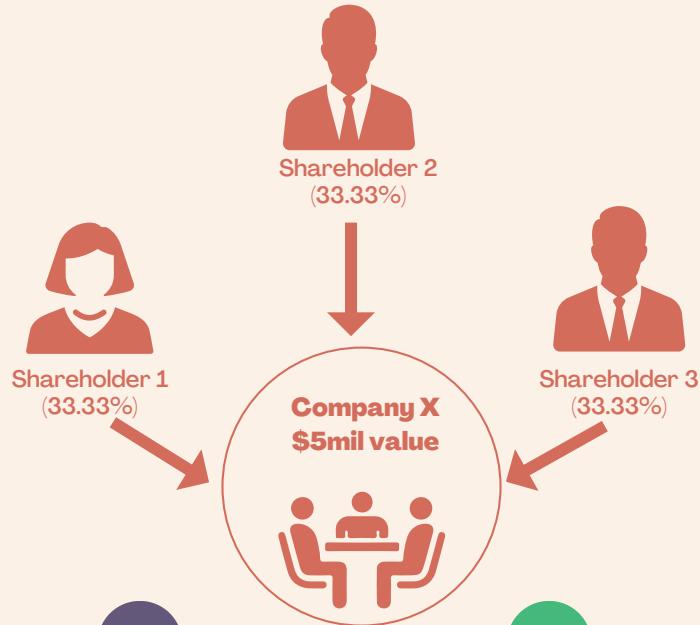
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FINANCIAL SERVICES

**Safeguard Your
Business**

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Self-Owned Buy/Sell Insurance cover: Flow of Funds



01



Shareholder 1 unexpectedly passes away.

STEP 01

02



Shareholder 1's 33.33% ownership interest is transferred to Shareholders 2 & 3 pursuant to options triggered under a buy/sell agreement.

STEP 02

03



For a self-owned policy, insurance proceeds are paid to the legal personal representative (LPR) of Shareholder 1's estate. The proceeds represent consideration in exchange for Shareholder 1's estate transferring their 33.33% ownership interest to Shareholders 2 & 3 in accordance with the buy/sell agreement.

STEP 03

04



Shareholders 2 & 3 end up as the owners (50% each) of Company X having acquired the 33.33% interest from Shareholder 1's estate.

STEP 04



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Business succession planning is comprised of two specialist strategies.

Buy/Sell Agreement

If your business experiences a 'trigger event', placing its ownership and fluidity at stake, you need to be prepared. This could be the unexpected death or permanent disablement of an owner which would call for the transfer of ownership to the remaining partners.

And if such an unfortunate situation occurs, you will need to raise funds to purchase the departing partner's share. This is where a buy/sell agreement comes into play.

A buy-sell agreement is a legally binding agreement between co-owners of a business that determines the situation, including transfer of ownership, if one owner dies or is forced to exit the business.

A buy/sell agreement is typically funded by the outgoing owner's life insurance. Think of the buy/sell agreement as the estate plan or 'business will' for your business, and the insurance proceeds as the assets of the estate.

Key Person Insurance

Key person insurance is a policy taken out on an individual in your business, whose absence would create commercial adversity. The 'key person' is typically a business owner or senior executive who is pivotal to the running and commercial success of your business.

Should the key person become ill, disabled or pass away, the policy protects against the loss of income and profit, assists with debt reduction and ensures the smooth running of the business during this turbulent time.

It allows everyone in the business to breathe, and have time to recover.

The business pays the premiums for the key person insurance and is the policy's beneficiary in the event the person can no longer work.

Protect your business

Ready to safeguard your business?

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General Advice Warning

The content contained in this document is of a general nature and does not constitute advice to any individual. You should seek individual and specific advice before making any financial decision based on information contained in this document. Failure to seek advice may lead to financial decisions and consequences that are not appropriate to your needs and circumstances and financial loss may be incurred.

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