

## Contact Us

To speak to one of our advisers about developing an effective business succession plan for your business, contact us on **1300 301 411** (toll free).

# SUCCESSION **4** BUSINESS

Group

Suite 304, 1 Queens Road, Melbourne VIC 3004  
ABN: 42 130 312 284

Toll Free: 1300 301 411  
T: +61 3 9017 6620 F: +61 3 9866 7779  
E: [enquiries@s4bg.com.au](mailto:enquiries@s4bg.com.au)



Charter Financial Planning Limited  
ABN 35 002 976 294

Australian Financial Services Licensee  
Licence number 234665

750 Collins St, Melbourne, Vic 3000  
[www.charter.com.au](http://www.charter.com.au)



## Voluntary & Involuntary Business Succession Planning



SUCCESSION **4** BUSINESS

---

Group

*Securing tomorrow's business success today.*

## Why plan for your business's succession?

The primary purpose of any business succession plan is to ensure a business (with multiple owners) will continue operating at an optimal level when an owner leaves.

Exits that trigger succession can be both involuntary or voluntary, so business succession plans need to incorporate appropriate strategies that accommodate both forms of exit to be effective.

Unfortunately 80% of businesses don't have an effective plan in place. And by falling short in either area, business owners, like you, are not getting a plan that adequately secures your business against loss of continuity or uncertainty, should an event trigger succession.

### Involuntary Exits

Insurance is the preferred funding mechanism to ensure continuing owners meet their financial liabilities when a business owner dies, or is unable to continue in the business due to total and permanent disablement or critical illness.

Traditionally, business insurance only focused on funding the equity in a business and overlooked an exiting business owner's liabilities and personal needs.

However, our advisers employ a unique and proven approach that:

- combines all of your needs under one policy;
- requires only one underwriting process;
- requires only one insurer;
- is easily reviewable on one page; and
- fast-tracks the claims process.

“Most business owners know they need a Business Succession Plan. The problem is many of them don't know what a Succession Plan should do or what it should look like.”

Ian Gray  
Business Succession Group





## Voluntary Exits

Succession 4 Business advisers play a vital role in helping clients not only recognise the real risks to the continuity of their business should an owner choose to leave, but to also minimise the adverse impact on the business when this happens.

Since business succession planning is a complex issue, you need professional advice to help with some of the key components of the plan, including:

- evaluating an appropriate valuation method;
- minimising Capital Gains Tax and other applicable taxes for both exiting and continuing owners; and
- scrutinising appropriate funding mechanisms to meet the financial demands of a change in ownership.

Your existing accountant may be able to assist you to develop a business succession plan should an owner choose to leave. If not, our advisers in this area are qualified accountants with experience in helping owners, like you, make businesses succession-ready.

By providing this guidance to clients, our advisers help you to maintain optimal business continuity and viability, should you, or one of your business partners elect to leave the business.

‘ Succession *n.* (*suc·cession·al*)  
Being, the act or right by which one  
person succeeds another in a position. ’

## Buy-Sell & Partnership/Unitholders/ Shareholders Agreements

Another fundamental, though often overlooked step in making a business succession-ready is ensuring all business owners sign the appropriate agreements, which give the remaining owners the right to purchase the exiting owner's interest on pre-agreed terms. In fact, we guarantee to provide the Buy-Sell Agreement (for involuntary exits) within 48 hours.

Without these agreements, owners could face any number of legal challenges, from disputes over payout figures from a former owner or their spouse/estate, to exposure to liabilities for business debts or loans immediately payable to the lender.

These standard agreements form an integral part of our business succession plans. Not only do they provide you with a sense of certainty about how the business will be valued and everyone's individual entitlements following an exit, they outline the events that will trigger succession.

