

Estate and Succession Planning – too little too late.

No one likes to think too far ahead about how to exit a business, pass on assets, or write a will. However, they are essential aspects of business and personal financial management that should be planned for just as taxation matters are.

How can you more easily approach Succession planning?

Consider what your objective is:

- Realising your retirement income from the business;
- Planning for the next generation's career needs; or
- Long term capital realisation in the business.

Your objective may be all, or a combination, of the above and are all part of succession planning. Once you have a clear objective, or objectives, you need to work through the following steps:

1. How are you going to achieve your objectives – working through a realistic strategy
2. What funding, insurance, resources or other input is needed to make the strategy work?
3. Document and implement the strategy.

These three steps seem obvious but where most businesses fall down is on step 3 – actually implementing the plan and documenting it very precisely.

Estate planning is much more than writing a will.

Good estate planning encompasses 3 main tasks:

1. What most of us think of in terms of financial planning, superannuation and retirement planning, that is, the creation of wealth;
2. The management of that wealth over your lifetime; and
3. Then there is the familiar part: the writing of a will to ensure your wealth is transferred as per your wishes.

How can you best manage these tasks?

Working with your accountant and financial planning adviser, you can implement investment strategies that are tax effective and match your risk profile.

To protect your wealth, you need to ensure you are properly insured, and that your assets are protected from hard to predict business and personal events.

To successfully transfer your wealth to your chosen benefactors, you need work with a professional who has taken the time to understand your business and personal situation and your needs from an estate plan.

These tasks take time, but when successfully implemented can provide you with a strong plan to work with, and one that is flexible enough to be updated when needed as circumstances change.

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