



Wanstall Consulting

Wills & Estate Planning

Some Business Succession Planning Tips

Business owners, and owners of part of a business, understandably concentrate on building and developing their business. However, sometimes they do not plan for what happens on their death or loss of mental faculties. Business succession planning and protection (for you, your family and the business) can be provided by carefully prepared Wills and Lasting Powers of Attorney (LPAs).

Wills

It may not be possible to leave your interest in the business to your family in your Will: it often depends on the articles of association, partnership, or shareholders' agreement.

Your share in the business can often only be purchased by the other shareholders, who may possibly not be those you wish to benefit in your Will. Your family or friends would receive the proceeds of sale instead.

Another potential issue is how do the other shareholders pay? For example, do you / they have keyman insurance or cross options in place to cover this?

Business owners' Wills should also consider matters such as the executors, what happens to the business, and does it qualify for up to 100% relief from inheritance tax.

LPAs

Property and Financial Affairs LPAs normally give your attorneys full authority to manage all your financial and related matters. However, this could include your business interests, which, if the attorneys (often family members) have not been involved in the business, could potentially cause issues. I therefore recommend that business owners consider "commercial LPAs" as well.

Business owners should ideally take specialist advice when preparing Wills and LPAs. This often involves working closely with the lawyer and also an accountant and financial planner.

If you would like to discuss business succession planning, or related matters, please contact me on iain@wanstallconsulting.co.uk or 01296 415700. You can also find more information on my website: www.wanstallconsulting.co.uk